

# THE INDEPENDENT

Wednesday 3 December 1997 IR50p (45p) No 3,472

## INSIDE TODAY



**Guess which star Helen thinks is a lousy kisser**  
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**Fine art by phone**  
THE EYE

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CITY+

## TODAY'S NEWS

### Brown's new savings plan hits middle class

Gordon Brown last night was accused of squeezing the middle classes with tax increases after announcing that Tessa and PEP savings accounts worth more than £50,000 would be taxed from April 1999. The change is part of government plans to introduce a new Individual Savings Account, which will allow up to £5,000 a year to earn interest tax free. The less well-off will be able to place their money in accounts offered by a range of providers, including supermarkets, but some estimate suggest up to 750,000 richer savers could be hit.

Several million council tax-payers could also be worse off after the Government announced that council tax bills are set to rise by up to 10 per cent next April opening the Government to Tory attacks of taxing by stealth. Pages 5 and 25.

### Opera House damned

A Commons report is expected today to deliver a damning indictment of the management at the Royal Opera House and call for the resignations of its chairman, chief executive and possibly the whole board. But Covent Garden chiefs are in defiant mood and are expected to resist. Page 3

### Turner prize winner

Gillian Wearing, a 34-year-old London artist who made a video of people revealing their innermost desires, has won the £20,000 Turner Prize. Ms Wearing beat an all women's shortlist which included Christine Borland, Angela Bulloch and Cornelia Parker. Page 2

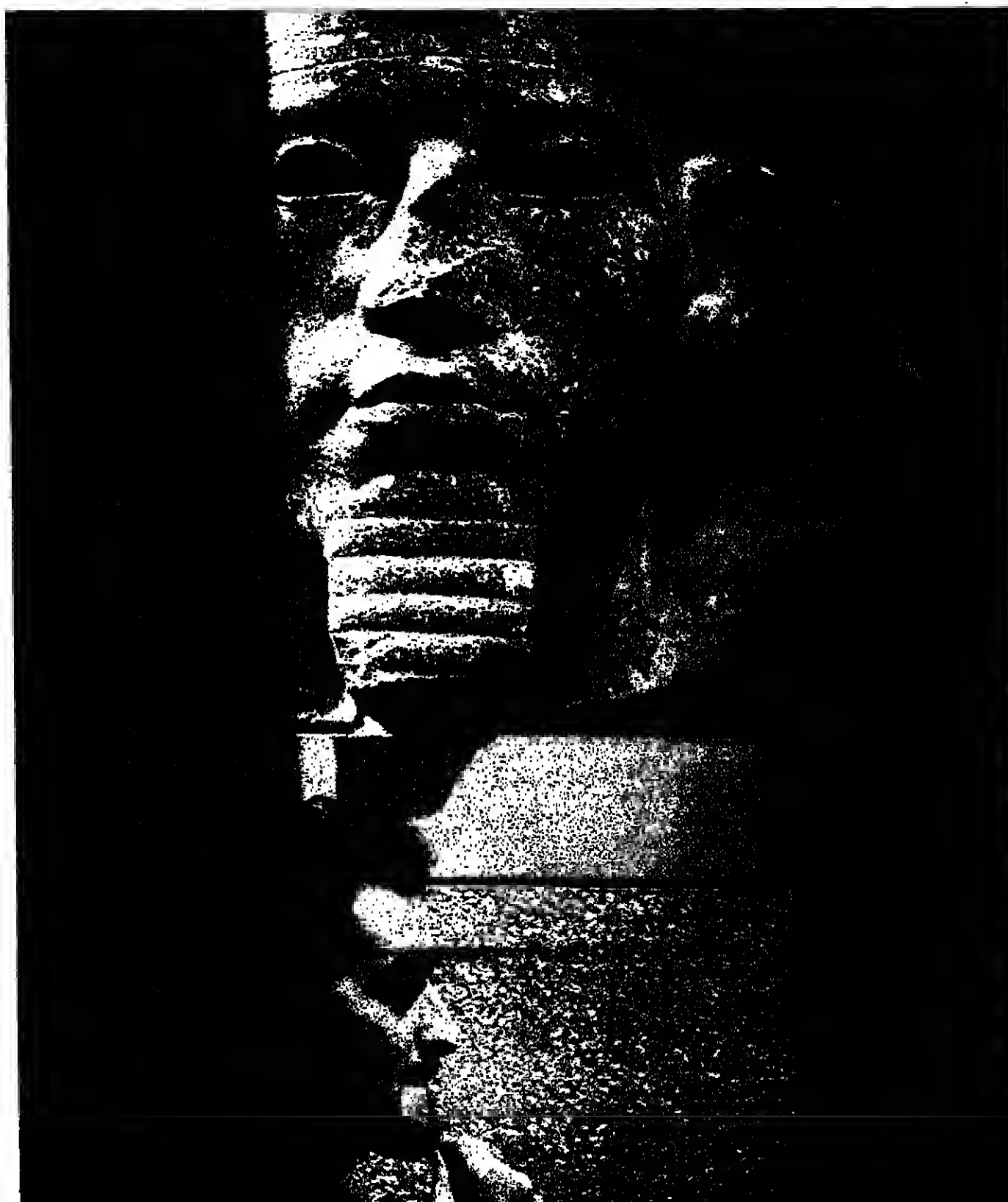
### Holocaust fund snub

The government has launched an international fund to help Holocaust survivors with a pledge of £1m. The Americans offered \$4m, with a pledge of \$2.1m to follow. But there was a less than enthusiastic response from some of the 15 countries who stood to benefit from £40m of gold remaining from a Second World War settlement. France, which is owed 2.2 tons, said it was unlikely to hand over its portion. Page 7

### A patent fortune

An attempt by the memorial fund of Diana, Princess of Wales, to patent her face is likely to prevent her image being used in cheap merchandising. But it will also allow other celebrities to make even more millions from taking control of their own images. Page 14

## Free museums win the first round



Pharaoh deal: A visitor admiring the Egypt collection yesterday at the British Museum, to which the Government has decided to give funds so that it will not have to charge for admission. Full story, page 3

## Terrorist victims were mutilated

The remains of the Luxor massacre victim Joan Turner were eventually flown back to Britain yesterday. The body of her daughter, Karina, is still missing.

Behind the difficulties in identifying the bodies of the family lies the brutal fact that their Muslim fundamentalist killers had deliberately disfigured the bodies of their victims after stripping them. They had been shot in the face after they were dead.

None of the shot Britons were carrying passports on security advice when the six Islamic terrorists carried out last month's attack at the Valley of the Queens in which 58 tourists were killed. The gunmen also stripped them of anything they were carrying which could have revealed their names and addresses.

One Arab source said: "According to witnesses the terrorists were in a frenzy, they

EXCLUSIVE BY  
KIM SENGUPTA

were chanting and shouting. They seemed to have deliberately shot people already dead in the head and face."

The only way to identify victims is by checking dental records.

The confusion over identifying members of the Turner family caused a lot of added distress for the family. A relation of the Turners had positively identified bodies flown to London as those of Joan Turner, 53, her 24-year-old daughter Karina and five-year-old granddaughter Shaunnah.

However, it emerged that Joan Turner's body was in Switzerland - from where it was returned yesterday - and that of Karina was still missing. At one stage searches led to Colombia, only for the Foreign Office to be told that the two bodies sent there had already been cremated. However, neither matched Ms Turner's details, and enquiries are concentrating on Switzerland.

The funeral of the Turners was due to take place last Wednesday, but was halted when Mrs Turner's body proved to be the wrong one.

## University crisis as fees scare off students

Universities are to intervene in the crisis over the decline in entrance applications by a direct appeal to every sixth former. With applications for next year down by between 7 and 8 per cent, Judith Judd and Lucy Ward explain how the Government decision to charge tuition fees is influencing would-be students.

Around 400,000 leaflets to be sent out to schools and colleges this weekend will tell sixth formers that a university education is still a good buy despite the introduction of £1,000 a year tuition fees from next September.

The vice-chancellors' committee and the Universities and Colleges Admissions Service (Ucas), which processes the applications, say that they are sending out the leaflets to clear up any misunderstandings about the effect of government policy.

With less than two weeks to go before the official closing date for applications, they want to emphasise that students will still have a good chance of a place even if they apply after the deadline. Last year, around 111,000 students who applied after the deadline gained places.

Confidential figures which went out to universities at the end of last week show that the number of applications from home and EU students processed by Ucas was down by around 10 per cent - from 163,000 to 148,000 compared with the same period last year.

Worst hit are the new universities, with

applications at some down by as much as a quarter, though a few are bucking the trend. The drop is said to be across the board and not confined to particular subjects.

Last Friday, applications for Manchester Metropolitan University were down by 3,214 to 12,742, and those for Northumbria University by 2,027 to 8,308. At Plymouth, applications were down by 2,590 to 8,123.

The leaders of new universities confirmed that students were hanging back from applying, and were agreed that the Government had failed to convince potential applicants over the funding changes.

Dr Geoffrey Copland, the vice-chancellor of Westminster University and chair of the 26-strong Coalition of Modern Universities, said: "There is an apprehension about what is happening in the system on the part of students and their advisers, and the message about the new funding arrangements has not really got across."

"Students who are serious about going to university are not being put off, but people who are a bit uncertain are hedging their bets at the moment."

At the University of East London, applications so far are marginally down on last year, though the picture so far has been "volatile".

The vice-chancellor, Professor Frank Gnuhl, also believed the Government had "lost the propaganda war" to opponents of fees. "There has been a lot of publicity, marches and demonstrations from the anti, and a fairly cool statement from the Government has not combated that."

He thought potential applicants would be reassured by the vice-chancellors' campaign.

Professor Peter Wheeler, pro vice-

chancellor of Salford University, where applications are also down, warned that the funding changes in higher education might deter many able applicants, particularly mature students.

He said: "The decision seems in conflict with the Government's plans to increase participation from those sectors of society which hitherto have not been able to benefit from university education."

A spokeswoman for the vice-chancellors' committee said: "We hope that, as last year, people will apply after the deadline."

"We believe it is inevitable that there will be a certain amount of confusion with such a big change. We hope the leaflet will undo that and give the context of the benefits of higher education."

Tony Higgins, chief executive of Ucas, said: "We are making no statement about figures at all until after the closing date. It is too early to speculate on a single snapshot."

Some long-established universities also appear to be suffering. East Anglia's applications were down by 1,240 to 5,808 and Kent's down by 1,114 to 4,113.

The leaflets aim to expose myths about Government changes to fees and grants - for example, "if I go to university I shall be up to my neck in debt for years".

The universities point out that male graduates earn 30 per cent more and women graduates 40 per cent more than those who go straight from the sixth form into a job.

David Blunkett, the Secretary of State for Education, wrote to potential applicants a month ago assuring them that the new arrangements would ensure that they had the financial backing that they needed.

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## COLUMN ONE

### Battle rages for the Napoleonic succession

The Battle of Austerlitz was fought 192 years ago yesterday with cannons and cavalry and guile. The battle of the Napoleonic succession was being fought out in a gentleman's club in Paris last night without so much as a bread-roll. Obscure legal and constitutional argument, precedent and sentiment will probably carry the day.

Members of the Souvenir Napoléonien - an organisation dedicated to upholding the memory of the Emperor - were unwilling to discuss the proceedings with outsiders. Especially British outsiders. "Prince" Charles Napoléon, great-grandson of the Emperor Napoleon's youngest brother, Jérôme, is battling for his right to be considered Chief of the Imperial Household. The title is, in legal terms, meaningless, but important to nostalgics and, doubtless, useful as a business calling card. When his father, Prince Louis Napoléon, died seven months ago, it seemed Charles, 47, (pictured), who runs a financial services business in Corsica, would inherit the distinction automatically. But the cantankerous, octogenarian prince left a "political testament", saying the succession should pass to his grandson, Jean-Christophe, Charles's son, an 11-year-old schoolboy. The deceased man's motives were twofold, according to his lawyer, Maître Jean-Marc Varaut. Louis Napoléon disapproved of the fact that his eldest son had divorced and remarried without his permission. He also detested his political views, which were, by his admission, "republican and democratic". In an interview yesterday with *Le Figaro*, Charles Napoléon admitted he was a democrat and an ordinary chap. Asked if he would take over as a full-time, dispossessed Royal if he succeeded, he replied: "No, my psychological balance wouldn't stand it." He conceded his "personal values" made him feel closer to the early period Napoleon (defender of the Republic) than the later period Napoleon (autocratic emperor). Certain aspects of the Emperor Napoleon's record, and that of his nephew, Napoleon III (1852-70), should be "judged severely". This mildly revisionist view of Napoleon is now standard in France.

If anything, the academic trend is towards a downward reevaluation of his bloody attempts to create a prototype European union (with headquarters in Paris). The winner of this year's Prix Goncourt, the most prestigious literary prize in France, was a novel by Patrick Rambaud, *La Bataille*, which re-creates the battle of Essling, a forgotten and disastrous episode in the Napoleonic wars.

It presents Napoleon as a foul-mouthed, callous bully, driven by vanity and detested even by his closest comrades. In the conservative *Le Figaro* yesterday the writer Claude Jacquemart said it had to be admitted the "Napoleonic adventure" was "an immense tragedy which left France physically and morally exhausted".

This is unlikely to impress the Souvenir Napoléonien nostalgics, holding their annual meeting yesterday, on the anniversary of Austerlitz and also of the coup which brought Napoleon III to power. Charles Napoléon was addressing the meeting to try to persuade his great, great, great-uncle's most devoted followers he was worthy of the imperial lineage. Legally, their approval or disapproval counts for nothing; the battle will continue elsewhere. But, morally, it was essential for Charles to persuade the last remnants of the Grande Armée to follow him.

The omens were not good. He told *Figaro* he wanted to make the Napoleonic tradition "modern and forward-looking". As head of the Imperial household, he would emphasise the republican Napoleon, elected by popular vote, and the constructive Napoleon, who built many of the institutions which serve France to the present day. It is difficult for a mere Briton to judge, but it sounds as if Charles Napoléon's father was right: he is a good democrat but he would make a useless emperor.

John Lichfield, Paris

## PEOPLE



### Uproar as video entry snaps up the Turner

Gillian Wearing, a 34-year-old London artist who made a video of people revealing their innermost desires (above), last night won the £20,000 Turner Prize. It was presented to her at the Tate Gallery by Culture Secretary Chris Smith.

Wearing (right) beat an all-women's shortlist which included Christine Borland, Angela Bulloch and Cornelia Parker. Her victory means it is the second consecutive year that a video artist has won the prize. The judges, chaired by Tate director Nicholas Serota, said she had established "a highly personal form of what might be called urban realism" - a confessional art in which she persuades her fellow citizens to reveal their most secret thoughts, fears and desires. This year's shortlist has provoked a large amount of criticism. David Lee, editor of *Art Review*, said Wearing and her shortlisted colleagues "have excelled themselves with their shallow ideas and uninspired execution caused by under-estimating the importance of the visual ingredient in art." Ms Wearing's basic medium is photography, still or moving. The judges said that in the tradition of serialism, her work revealed the often strange or disturbing realities that lie beneath the apparently calm surface of everyday

appearances. "It also offers a rich insight into the lives of ordinary people".

In one of her works, "Signs that say what you want them to say and not signs that say what someone else wants you to say", she asked people in the street to write a sign saying what was on their mind, and then photograph them holding it. In her most recent major work, "10-16", she filmed adult actors lip-synching to a soundtrack to the voices of children aged 10-16. The result was said to suggest both the adult in the child and child in the adult.

David Lister



### Drug-case British student has sentence cut

A Moscow court yesterday cut the six-year labour-camp sentence on Karen Henderson, 39, a Briton, convicted of smuggling cocaine. Despite protestations of innocence, Judge Natalia Arinkina again found her guilty but sentenced her to one year and 11 months in a camp. Because she has spent 22 months on remand, Henderson will be freed next month.

Henderson, who grew up in the Netherlands and was studying

tourism there before her arrest, said it was a fact that "alien objects" were found in her case when she landed in Moscow from Havana but she was "devastated" because she had "never knowingly carried narcotics".

She wept when Judge Arinkina confirmed her predecessor's verdict of guilty. Henderson should be "isolated from society" but, in view of her "personality, youth and lack of a criminal record", the punishment ought to be softened, the judge said. During the trial an assistant lay judge fell asleep while evidence was being given, and the translation was so bad that Henderson's mother, giving a character assessment of her daughter, was quoted as saying she "sympathised with drug traffickers" when what she actually said was that she felt sorry for those who had become addicted to drugs.

Helen Wornack, Moscow

## UPDATE

### RELIGION

#### Churches win battle to stay open

Proving once again that nothing galvanises a church like persecution, it was confirmed yesterday that all 37 Anglican churches in the City of London are to remain open for worship.

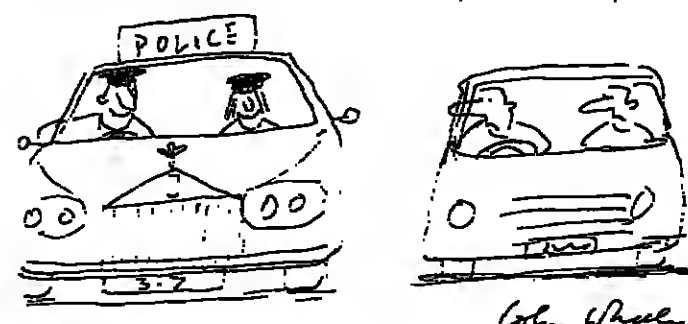
Four years ago there was a hue and cry when the Templeman Commission proposed closing two-thirds of the City churches, many of them designed by Sir Christopher Wren after Great Fire of 1666. The problem was not money to maintain the churches, dwarfed by the glass temples of Mammon, but paying so many clergy for so few regular worshippers.

About 5,000 people live in the Square Mile. However, the incoming Bishop of London, Richard Chartres, was determined to keep all the churches open, albeit for only one day a week in some cases, and yesterday charged a new City Churches Development Group with ensuring they do. Several churches are being kept open by using priests who are semi-retired or draw salaries from other bodies. Stephen Goodwin, *Heritage Correspondent*

### CRIME

#### Police funding boosted by £258m

Overall funding for police forces in England and Wales is to rise by £258m next year, the Home Secretary, Jack Straw, said yesterday. The increase includes the final £40m instalment of extra cash, over and above the resources allocated by the funding formula, which was planned by the former Tory government to pay for more officers. Mr Straw said the settlement, announced in a Commons written answer, meant spending on the fight



against crime across the service could increase by 3.7 per cent next year. "We are determined that the police should have the resources they need to fight crime and disorder across England and Wales." The Home Secretary also announced plans to change the way the police funding formula is calculated. The settlement includes a big increase of £21m - to £151m - in the sum allocated to the Metropolitan Police to cover its special national and capital city functions.

### AMENITIES

#### Facelift for Glasgow park

The oldest public park in Britain and one of great social battlefields of Europe, Glasgow Green, was yesterday given £6.6m from the lottery for a comprehensive facelift. Dating back to 1450 - the claim to be oldest is Glasgow's own - the 136-acre green at the heart of the city was the birthplace of the union movement and temperance movement. It felt the early tread of both Rangers and Celtic football clubs and was the site of the city's first golf club. Altogether 45 urban parks will share a total £11.5m from the Heritage Lottery Fund. Other awards include £915,000 for Hammond's Pond, Carlisle, where a residents' petition has prompted a restoration campaign. £875,000 for Carr Bank Park, Mansfield, where sports facilities and children's play areas will be created and £571,000 for the restoration of Grange Park, near Preston. Stephen Goodwin, *Heritage Correspondent*

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### Peace at last for right-to-die woman

A motor neurone disease victim who launched a High Court action to allow her GP to administer pain-relieving drugs which might shorten her life, has died. Former air hostess Annie Lindsell, 47, from Teddington, London, dropped her two-year court battle in October when her doctor, Simon Holmes, said he was willing to carry out the treatment.

Her solicitor, Gai Tetlow, said: "Annie passed away ... from respiratory failure caused by ... motor-neurone disease. Following her High Court success, Annie was able to live her last weeks of life with a

comforting assurance that if it had it proved necessary, and she had requested it, her doctor would have been able to lawfully administer distress-relieving drugs that would have shortened her life."

Ms Tetlow confirmed that Mr Holmes had eventually not used the drugs.

Dr Holmes, had refused to administer diamorphine to Ms Lindsell without clarification that the act would be lawful, but changed his mind when medical experts at the court approved of his planned treatment.

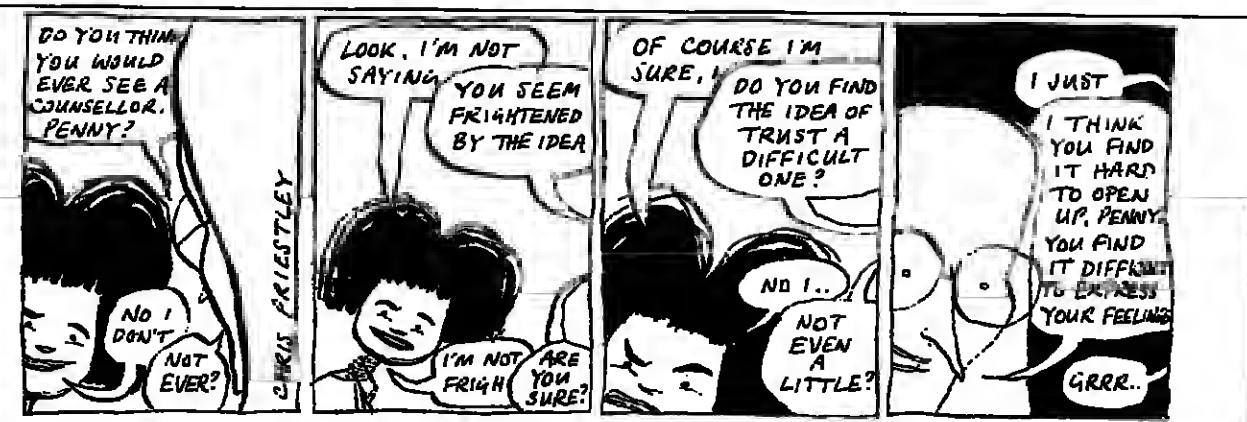
## TOURIST RATES

Australia (dollars)	2.40	Italy (lira)	2,857
Austria (schillings)	20.40	Japan (yen)	214.34
Belgium (francs)	59.94	Malta (lira)	0.63
Canada (\$)	2.33	Netherlands (guilders)	3.26
Cyprus (pounds)	0.84	Norway (kroner)	11.91
Denmark (kroner)	11.12	Portugal (escudos)	295.14
France (francs)	9.72	Spain (pesetas)	245.15
Germany (marks)	2.91	Sweden (kroner)	12.82
Greece (drachmel)	463.12	Switzerland (francs)	2.35
Hong Kong (\$)	12.65	Turkey (lira)	321.533
Ireland (punts)	1.11	USA (\$)	1.64

Source: Thomas Cook  
Rates for indication purposes only

7.30 FOR 8

by Chris Priestley ZITS



by Jerry Scott & Jim Borgman



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## IN TOMORROW'S INDEPENDENT

**Bash! Crash! Ahh!**  
**Dandy's 60th**  
**birthday**  
THE EYE



**On the road**  
**with Camille**  
**Paglia**  
FEATURES

**Virginia Ironside's**  
**dilemmas: Should I**  
**move in with my man?**  
FEATURES

**What's wrong**  
**with university**  
**league tables**  
EDUCATION +

## Royal Opera chiefs face up to resignation calls

Royal Opera House chiefs will resist expected calls for their resignations when a House of Commons Select Committee publishes its report today. David Lister, Arts News Editor, finds the mood defiant at Covent Garden.

A Commons report is expected today to deliver a damning indictment of the management at the Royal Opera House and call for the resignations of its chairman, chief executive and possibly the whole board.

The report by the Culture, Media and Sport Select Committee will be published this morning. During the committee's proceedings, its chairman Labour MP Gerald Kaufman described the running of the Opera House as a "shambles".

His committee's report is likely to be strident. Even as it was taking evidence over the last month the House nearly went bankrupt and ticket sales at London venues used while the Royal Opera House is closed for redevelopment have been very poor.

The ROH received £78m of Lottery money, and the former Chief Executive Genista McIntosh resigned in May after only four months in the post.

Mary Allen, the new Chief Executive brought in from the Arts Council by the Chairman, Lord Chadlington, without the post being advertised, said yesterday she accepted that the report would probably have strong things to say. But she stressed that neither she nor Lord Chadlington – as Peter Gummer, formerly PR adviser to the Conservative Party – would resign unless the Government specifically told them to do so.

She said: "I have been here three months and I have done a lot of work to improve the morale of the staff which was very low when I arrived. The most important thing is the welfare of the staff and we should not do anything that will be disruptive."

She also stressed that all the arrangements for the Royal Opera and Royal Ballet during the closure of Covent Garden were made before she arrived.

But she did reveal that the ROH was on course to lose a staggering £10m more than it had budgeted to lose during the closure period, and this on top of its deficit of £5m. This would have driven it into certain bankruptcy if benefactors had not put together an emergency package.

The Select Committee report, which will be considered by the Government, comes just after the Culture Secretary Chris Smith has set up a review body under Sir Richard Eyre, former head of the National Theatre, to explore the possibility of the Royal Opera, Royal Ballet and English National Opera sharing Covent Garden, with the Covent Garden building itself becoming a receiving house.

Mr Smith has also indicated that he has not ruled out the option of privatising Covent Garden on the model of the Glyndebourne Festival opera.

However, Mary Allen pointed out yesterday that such an extreme course of action would run into one immediate problem – the fact that Covent Garden had received £78 million of public money through the National Lottery.

Mrs Allen has already embarked on cost-cutting measures, and will next month announce a slimmed down programme for both the Royal Opera and the Royal Ballet.

A hunk he may be, but Helen says Harrison can't kiss



Ford: 'He does try, but it's just not there'



Mirren: 'It's not just me – other actresses agree'

Hollywood heart-throb he may be, but Harrison Ford is no kisser, the actress Helen Mirren has disclosed.

Mirren, 51, who starred opposite Ford in *The Mosquito Coast*, told Zoe Ball and Kevin Greening on yesterday's Radio 1 *Breakfast Show* that she did not rate the American star's abilities when it came to puckering up.

"In the films he's the nicest, sweetest guy you could want to meet. But he can't kiss – he finds it impossible to kiss on screen. And she added: 'He's probably not very good off screen either. It's not just me – other actresses agree. Whenever we get chatting off screen and we get around to talking we come to the same conclusion: 'He couldn't do it with me either!' He does try, but it is just not there."

Despite a prolific career, Mirren is probably best known for her television portrayal of Det Supt Jane Tennison in *Prime Suspect*, and she returns to the small screen in a two-part drama, *Painted Lady*, on ITV on Sunday and Monday, in which she plays a very different kind of sleuth – a ravaged blues singer with a pierced nose.

Her real-life partner of 11 years is American director Taylor Hackford.

## Extra funding saves British Museum from introducing entrance fees

The Government will give the British Museum financial help to prevent it introducing admission charges. David Lister, Arts News Editor, reveals that the first stage in the campaign to safeguard free admission is on the point of victory.

An increase in funds to the British Museum will be announced next week, *The Independent* has learned. It is specifically designed to avoid the best known museum in the country, and arguably in the world, having to impose admission charges for the first time in its 230 year history.

The change of mind by the Government, which was on the verge of saying it could not give

any museums financial help to prevent charging, follows a high-profile campaign since we revealed 10 days ago that the Culture Secretary, Chris Smith, had failed to convince the Treasury of the need to pump extra money into national museums and galleries.

The British Museum's trustees, who include the Prince of Wales, will meet on Saturday. Introducing charges was on their agenda if no extra financial help was forthcoming. They will now hear that a substantial increase in grant is on its way.

The campaign to keep free admission continues today with a letter in *The Independent* signed by 17 artists, including David Hockney, Bridget Riley and Anish Kapoor. They write that museums have been their studies. The artists short-listed for last night's Turner Prize also added their weight to the

campaign, helping to present a petition to the Treasury.

While the British Museum is almost certain to be spared the immediate need for compulsory charges, the problem remains for the National Gallery, Tate Gallery and National Portrait Gallery in London, the remaining national collections that still do not charge.

Of these, the Tate is in the most severe financial trouble and the Government is understood to be looking urgently at a way to help it. The trustees have not yet ruled out charging at the new Tate Gallery of Modern Art at Bankside, London, due to open in 2000. Tate director Nicholas Serota has also indicated that charging at the Tate at Millbank is a possibility unless more money is found.

Whitehall sources say that the Prime Minister, Tony Blair, and Chancellor Gordon Brown

have been surprised by the strength of the campaign to keep free admissions, but remain reluctant to put more money into the arts.

Nevertheless, campaigners will be reminding Mr Blair of the speech he made in opposition at the Mansion House earlier this year. He said then: "We are concerned about the introduction of admission charges in national museums. The evidence suggests that high charges can lead to a big decline in attendance."

Government help to the British Museum is certain to provoke anger among those museums that already charge.

Dr Alan Borg, director of the Victoria and Albert Museum, said he would not tolerate a "hand out" being given the British Museum while his own museum received no extra help.

Letters, page 22

## Beware of Tubbytouts at Christmas

This year it is the Teletubbies' turn to be the big Christmas toy shortage. Paul McCann, Media Correspondent, delves into a shady world of inflated prices, whispered shipments and Tubbytouts.

The call was answered by a strange voice: "Yeah, I can get you one. £45, ask no questions." And ten minutes later a "daddy-looking" man appeared at Frank Middleweek's door in Woodford, east London. He had a package under his arm.

Leaving no name and no clue to suppliers, the black-market dealer disappeared into the night £45 the richer. "I asked where he was getting them," said Mr Middleweek. "He said that was for him to know and

me to find out. It was like doing something criminal."

Mr Middleweek is just one more victim in a tale of obsession, addiction. A tale where big money changes hands for strange-sounding substances. He's fallen in with a Teletubby dealer. "We'd been queuing up at 6am and getting nowhere," says Mr Middleweek. "Then there was this car parked outside Children's World. In the window there was number to ring if you wanted a Teletubby. I'd been trying to get a full set for my Grandson. I needed a La La and a Po."

The strange man in the night got Mr Middleweek a La La then his wife came home with one as well. So now he's joined the chain. Advertising his Teletubby along with 22 others in London's free ads paper *Loot*. He just wants his £45 back but others are making a killing. "I'm not exploiting people,"



In demand: Teletubbies have bred a black market

says Andy from south-west London. He picked up a set of four tubbies five weeks ago for a nephew at £14.99 each. Now they're surplus to requirements and he's asking £325 for the set, a mark-up of 442 per cent. "If someone's mad enough to pay that kind of money that's fine with me. I'm only asking what others are asking." Andy is by no means the greediest Tubby-

dealer. Another advert in yesterday's paper was asking £100 for one Tinky Winky.

Despite the high prices parents and grandparents determined not to disappoint their little ones are paying up all over the country to sellers in local and free advert papers.

The BBC says that a million Tubbies will have been shipped by Christmas and that the problem is caused by the stores. Teletubby toys were shown at the industry's annual toy fair last January and advance orders were too small.

A BBC spokeswoman denied that the corporation is missing out on millions of pounds of revenue because of the Tubbyshortage. However, *Loot* gives the game away: under the ads for Teletubbies is a forlorn Thunderbirds Tracy Island, complete with rockets, vehicles and six figures. The toy of two years ago is just £20.

## SIEMENS

Oh...pink fluffy  
slippers!  
How novel.  
And with a  
little piggy  
motif too.  
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This Christmas, get to Santa before he gets to you. Ask for the new Siemens S10, which has just been voted the Best Business Mobile in the World by *Connect* magazine and which comes with 10 hours talking, the world's first colour display and a voice memo function.

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Technology from  
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# Class war at the savings bank: how Labour is hammering the middle classes

The Government yesterday used the language of class warfare to launch a new tax-free Individual Savings Account which it claimed would benefit "the many and not just the few". The new account will replace existing PEPs and Tessas in April 1999. But Nic Gault argues that middle-class savers may be hit hard by the proposals.

Geoffrey Robinson, the Paymaster General, said the Individual Savings Account (ISA) would give everyone the opportunity to save for the long-term, by offering tax incentives previously available only to those able to invest large sums.

Mr Robinson said the ISA would have an annual savings limit of £5,000, with an overall cap of £50,000 on the total that can be placed in it.

This compares with a maximum of £9,000 presently available to investors each year in Personal Equity Plans (PEPs), with no limit on the amount that can be tucked away. A further opportunity is on offer via tax-exempt savings accounts (Tessas) into which up to £9,000 more can be placed over five years.

PEPs and Tessas will cost the Inland Revenue an estimated £1.25bn in unpaid tax this year, rising to more than £1.6bn by 2000. The Government's proposals will cap this amount to its present limits. Experts predicted that up to 750,000 people would be taxed for the first time on the slice of their savings above the ceiling placed on investments in the ISA.

Senior civil servants argued yesterday that while some 6.5 million people are thought to

## TWO SIDES: AS THE GOVERNMENT WOULD HAVE YOU SEE THEM



**PEPman**

- Is a director for a soap multinational. Earns £80,000 a year.
- Has invested in PEPs since Nigel Lawson introduced them and never misses the chance to put his £6,000 a year into a general PEP, plus £3,000 into a single company plan. Since 1987, this works out at £82,000.
- Has also used his wife's PEP allowance, a further £82,000. The couple's PEPs are now worth more than £300,000.
- He also put the full £9,000 into a Tessa, which matured to a fund worth £1,500 free of tax in 1996. Has since invested £9,000 into a follow-on Tessa, maturing in 2001.



**ISAwoman**

- Is a secretary at a publishing firm. Earns £15,000 a year. Between March and October this year she was the sole breadwinner in the family.
- She has £200 in Premium Bonds. Until March, the family had £800 in a building society account, then her husband lost his job. This is now down to £157.60.
- They also had £800 in a Tessa. That was cashed in, with loss of tax-free benefits, to pay for roof repairs on the house in September.
- Her husband has now found casual work. She thinks she may have up to £25 a month to save in the new ISA, as long as the kids don't want anything too expensive for Christmas.

hold either a PEP, a Tessa, or both, these who invest in either scheme are more likely to be middle and upper-class savers. Lower income-earners have tended to be put off by minimum investment limits, often of £30-£50 a month, or the fact that they cannot obtain easy access to their money.

Mr Robinson said tax in-

centives, now available primarily to middle-class and high-income investors would be used to encourage everyone in society to set aside some money instead. "Saving for the future is both prudent and sensible, but over half the adult population of our country hardly save at all," he said. "I am determined that Britain should have a tax

system for savings which benefits the many and not just the few. The new Individual Savings Account will suit any investor, no matter how large or small."

To facilitate the trickling-down of these tax benefits, Mr Robinson suggested that ISAs might be sold from a wider range of outlets than ever before: "Designed for easy access

from banks, building societies and new outlets such as supermarkets, ISAs will enable people to put all forms of savings - cash, shares, life insurance and National Savings - in a tax-free 'one-stop' account."

The Government's proposals involve investors being allowed to open a new ISA each year after April 1999. Both in-

come paid from the account and gains on the investment will be free of tax. The £50,000 cap will apply to the amount that can be placed in ISAs over the years. PEPs will cease to be sold after April 1999 and any amount held in them will have to be transferred into the ISA to enjoy the same tax-free benefits.

There will be a six-month period during which PEPs can be shifted into the ISA, up to the £50,000 upper limit. Any PEP outside an ISA after 6 October 1999 will lose tax relief.

Tessas - cash deposit accounts typically sold by banks and building societies - have a fixed life of five years. The Government is proposing that they can remain outside the ISA net until maturity, after which they too will have to be transferred, again subject to the £50,000 limit.

Some estimates suggest that out of the 6.5 million PEP and Tessa savers, up to 15 per cent - at least 750,000 people or more - currently have investments above £50,000. They will start paying tax on the upper portion of their investments after April 1999.

Mr Robinson claimed yesterday that the change to ISAs would not disadvantage a growing army of mortgage borrowers, who have opted to pay off their interest-only loans with tax-free PEPs.

A senior Inland Revenue official argued that lenders which were consulted had said none of their borrowers with a PEP mortgage would breach the £50,000 ISA transfer limit.

However, John Whiting, a tax partner at Price Waterhouse, added: "The reality is that those with a million, or £10m, will always find tax-advantageous places to invest their money. For them £5,000 or £6,000 a year is peanuts. But there are many people, comfortably off, for whom this will be a blow."

## THE KEY QUESTIONS

**What is the Individual Savings Account?**  
The account, to be known as the ISA, is the new tax-free savings alternative to personal equity plans (PEPs) and tax-exempt savings accounts (Tessas). It will come into force in April 1999.

**What will be the ISA's tax benefits?**  
Investors will be able to save up

to £5,000 a year in an ISA, up to a total of £50,000 in all. Income from the ISA and growth in the value of investments will be free of tax.

**Is the ISA all about equity investments?**  
No. You will be able to place up to £5,000 a year into a cash-based account. There will be no loss of tax benefits if you withdraw some or all of the money.

**How does the ISA compare with PEPs and Tessas, which are also tax-free?**  
With PEPs, you could place up to £9,000 a year into single company or pooled investments. Tessas allowed you to invest up to £9,000 over five years. **Will I be able to transfer my PEPs and Tessas into the ISA?** Yes. But it will be subject to the £50,000 upper limit on ISAs.

Thereafter, you will only be allowed to invest to that limit. **Why didn't the Government simply leave PEPs and Tessas in place?** More than 6.5 million people have put up to £70bn into PEPs and Tessas. These investments have mostly benefited those who can already afford to save. However, the main reason is that the Inland Revenue was fed

up with losing spiralling amounts of tax from PEPs and Tessas. It will now be able to cap these "losses" at about £1.5bn a year. **Who will lose out?** The ultra-rich will lose one minor tax haven. But the biggest losers will be middle-class savers with £50,000 or more to set aside, a large but not inordinate sum.

**Will ISAs encourage poorer people to save? And will they benefit from it?** Put it this way: if you saved £30 a month, the typical tax benefit from a high interest ISA paying 6 per cent net would come to an extra £4.32 a year. As for encouraging you: if you had no money anyway, how much would you be setting aside? — Nic Gault

## Rich irony as Paymaster General steps into minefield



Geoffrey Robinson: Treasury's very own offshore tax specialist

For journalists at the conference to launch the Government's new Individual Savings Account, the choice of ministers to present the proposals was the sweetest of ironies.

Geoffrey Robinson, the Paymaster General, who has a beneficial interest in an offshore trust worth more than £12.5m in Guernsey, was the one sent in to sell the Treasury's new scheme.

The civil servant chairing the press conference rapidly became fretful. Barely had Mr Robinson sat down than the hostile questions started from the audience.

"What happens if you were saving in a PEP to help pay off your mortgage, Minister? Is the Government really going to renege on tax pledges given to investors by the last administration? How do you square your plans with New Labour's promise of no new taxes?"

In vain, Mr Robinson, the Treasury's very

own offshore tax specialist, pleaded that mortgage holders would not be disadvantaged by his Government's proposals. His comment that he did "not wish to discuss this issue" any longer also cut no ice with questioners. "You might not want to, but we do," shouted one journalist.

Of course, the question all the assembled journalists really wanted to ask was: "With your experience of Guernsey-based trusts, would you want to save your money in an ISA? What other tax-saving opportunities could you advise us on?"

Sadly it was not to be. Ignoring a forest of raised hands, the official hastily declared the press conference over.

Michael Heseltine later stepped into the row over Mr Robinson's admission that he had money in an offshore trust. The former deputy prime minister said that when he was a minister he had rejected his ac-

countants' advice to move his assets so he would not pay British taxes on them.

Mr Heseltine, who as owner of the Haymarket publishing group was one of the richest members of the last government, said he felt it would be hard to explain to voters why they were subject to taxes that ministers were avoiding. Speaking in a BBC interview, he said there was nothing inherently wrong with tax avoidance, which was simply minimising the amount paid. That was "perfectly honourable and legitimate", he said. "Tax avoidance, it is argued, is the duty of the citizen."

However, he said that although he had put his money into a trust when he became a minister in order to avoid conflicts of interest he had not accepted suggestions that it should be moved offshore. "I thought it was improper in a minister," he said.

— Nic Gault and Fran Abrams

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## THE INDEPENDENT

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# 7/NAZI GOLD

THE INDEPENDENT  
WEDNESDAY 3 DECEMBER 1997  
7

## Old allies snub Britain's fund for Holocaust survivors

The Government yesterday launched a fund for Holocaust survivors with a £1m donation, but the scheme immediately ran into controversy. France and the Netherlands seemed unwilling to back Robin Cook's bold idea.

The Foreign Secretary yesterday opened the London conference investigating Nazi gold by pledging £1m from the British Government to a new international fund. The United States offered \$4m, with a further \$21m to follow.

BY LOUISE JURY

payments to victims of the Nazis and their families. But France, which is owed 2.2 tons, the largest part of the remaining gold, indicated that it was unlikely to hand over its portion to the fund, although it would be considering whether to give it to France's 600,000 Jews instead.

'No one can return their hope, but we can seek the truth'

For Lord Janner, the conference is the fulfilment of a promise he made himself 50 years ago. As an 18-year-old British soldier and war crimes investigator, he entered the Belzen concentration camp in Germany on the first anniversary of its liberation. The memory has remained with him.

which has been redistributed under the auspices of the Tripartite Gold Commission. Lord Janner said that not only France, but all of 42 nations at the conference should contribute to the fund. But he found the French position clearly unacceptable.

Amid pleas from Jewish organisations, Switzerland and the US that archives should be opened and made available to researchers world-wide, Britain and France came under pressure yesterday to release the Tripartite Gold Commission files, which are expected to detail what the Allies knew of the provenance of the gold captured from the Germans at the end of the war.

But a spokesman for the Foreign Office said it believed the appropriate time for TGC files to be released was when its work was completed. That was expected soon, he added.

The conference aims to investigate what happened to gold stolen by Germany during the Second World War and what happened to it after the war ended. It is examining what compensation has been made so far to individuals who lost their family fortunes in the Holocaust and whether further compensation should be made.

Opening the three-day meeting, Robin Cook said the jigsaw might never be complete, but a clearer picture of what happened to looted gold and other assets was being built.

He said: "We have two duties to the victims of the Nazis. To those who are still alive, we must ensure that the unbearable tragedy of living through the Holocaust is not compounded by an old age marked by the fear and sadness of poverty. We must let them know that the international community is not indifferent to their plight."

"To those who died, we have a different duty - to document the facts, to gather the evidence, to locate the truth. The duty we owe them is to remember."

worst hardship and misery I could conceive."

Afterwards they took him for tea with 50 orphans, all dressed in clothes made from American army blankets.

"I remember one little girl turning her face to the wall and singing a song about crying for her mother. It just tore me apart. Then there was another little, Ella, who wouldn't talk to anybody."

Lord Janner said he was so shocked and moved that for the next two years he gave all his spare time to helping in the camp.

"The whole of this conference is a dream," he said. "It's brilliant. Here are 40 nations who have come together and started to co-operate. This conference is entirely unique. It's a great international recognition of moral debt."

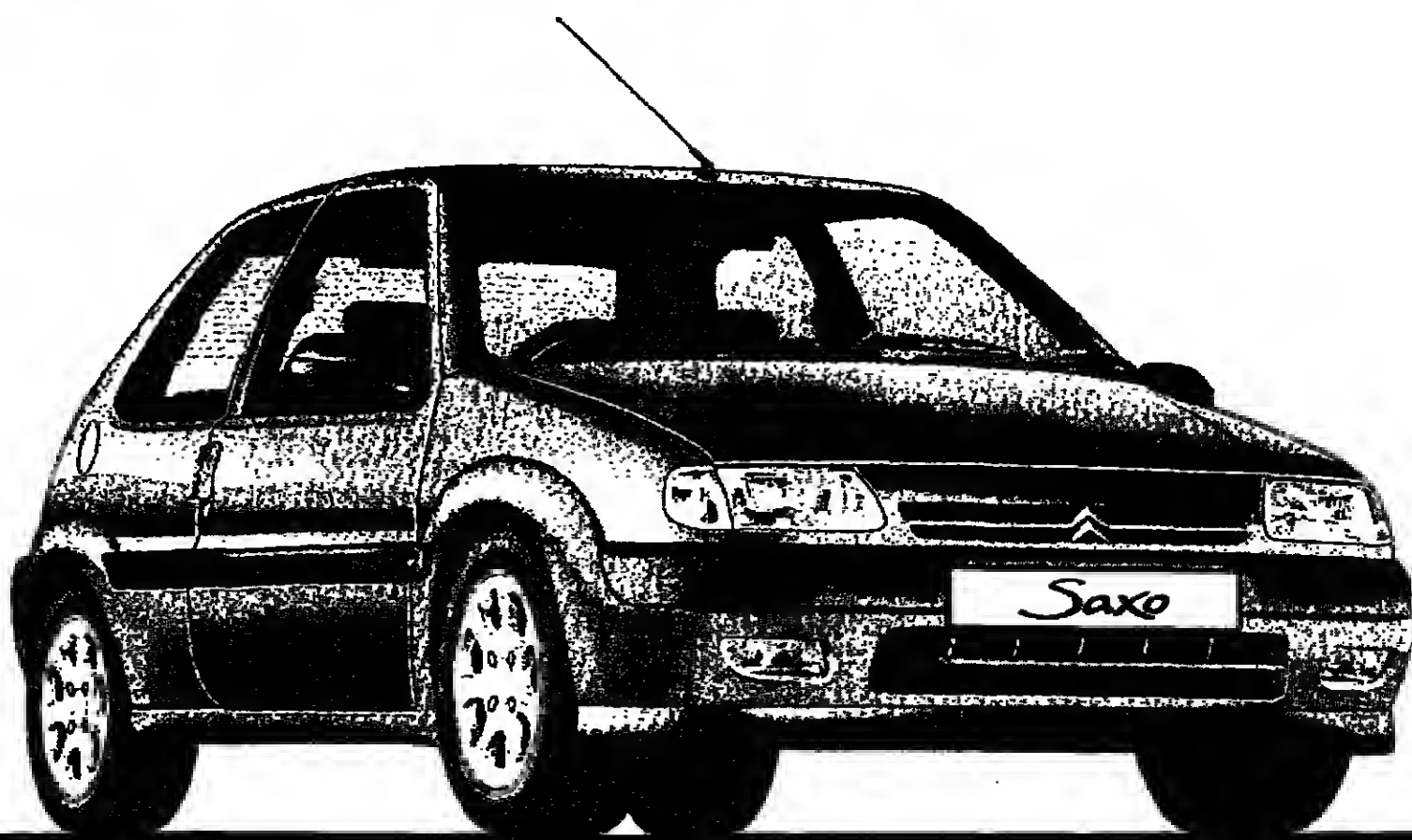
He said it provided new hope for an energetic quest for truth which must lead to more restitution for Holocaust survivors and their families.



Left people forget: A camp survivor at Belzen (left) in 1945 and the young Greville Janner in uniform in the same year

Photographs: Wiener Library/Imperial War Museum

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## Farmers raise stakes in battle against cheap meat imports

Farmers in Wales yesterday claimed a further victory in their battle against 'cheap' meat imports when a £500,000 consignment destined for British shops was returned to Ireland. Tany Heath reports on an escalating crisis.

Six lorries laden with Irish meat returned to Rosslare yesterday after police at Fishguard told their drivers they could not guarantee their safe passage out of the West Wales port.

Five hundred farmers had gathered at Crymach, some 30 miles from Fishguard, and police were fearful of a repeat of Sunday night's scenes at Holyhead in which £70,000 worth of beefburgers were dumped in the harbour. The Irish vehicles were corralled when they disembarked from Stena Line's *Conyngh Bear*, and after a meeting with police the drivers decided to re-embark.

Keith Turner, assistant chief

constable of the Dyfed-Powys force, issued a statement declaring that his officers were not going to take sides and become involved in a political dispute. "Our primary role is to preserve law and order and maintain public safety," he said.

The "victory" at Fishguard has caused anger in the Irish Republic. However, it was enthusiastically hailed yesterday by crowds at Bullh Wells where the National Farmers' Union launched a petition addressed to the Agriculture Secretary, Jack Cunningham, and the Welsh Secretary, Ron Davies, urging all possible measures "to stabilise the rural economy".

Hugh Richards, NFU vice-president in Wales, said: "The green pound compensation package should be implemented swiftly and we call on the Government to set an example by buying British agricultural products."

To the applause of a large crowd attending the auction of prime Welsh cattle, a coffin draped with the Welsh flag and surmounted by a shroud of beef was paraded round the show ring. Black-suited and bowler-

batted pall-bearers later listed their frustrations at falling livestock prices and the perceived lack of government action.

Mick Bates, a cattle and sheep farmer from Llanfair Caeirin in mid-Wales, claimed his income was plunging dangerously low. "We must make the people in power aware of our plight. If it takes demonstrations to do that - so be it."

Keith Morris, who farms at Painscastle, near Hay-on-Wye, said: "Sleep prices are 30 per cent less than a year ago and the money we get for cattle is on the way down."

Terry Court, vice-president of auctioneers Russell, Baldwin and Bright, added: "A year ago a prime beast would fetch £900-£1,000. Today that's down to £600-£650."

Much rests on a meeting in London this afternoon when leaders of the NFU in Wales and the Farmers' Union of Wales are scheduled to meet the Welsh Secretary. The outcome will undoubtedly influence a gathering of farmers planned for tonight at Gaerwen, Anglesey, 20 miles from Holyhead.



## Guides get the blues as jeans become part of the uniform

Britain's Girl Guides movement is split over a decision to "move with the times" and allow girls to wear jeans, it emerged yesterday.

The Guide Association announced that following popular demand, blue denim would be allowed as part of the uniform from 1 January. Spokeswoman Sue Fortunka said it was an attempt to bring the 710,000 guides up-to-date.

"Jeans are usually a basic item in every young person's wardrobe and we hope the ability to wear these may make Guiding even more accessible to many more girls and young women," she said. "Members will decide whether or not to wear jeans, according to their suitability to the activity."

But the idea has not met unanimous approval. One group has voted to ban them from public parades and church outings, and others are set to follow.

Lady Baden-Powell, a former head of the UK movement, said yesterday that jeans "weren't very suitable for church". "I personally think young people like dressing up on occasions," she said. Some parents, group lead-

ers, and even the girls themselves say jeans are not appropriate for their image. Margaret Courtney, leader of the 7th Plumstead Group, south London, said her girls had voted not to wear denim on public parade.

"Some parents have asked why they are doing it and that they look scruffy," she said.

But 12-year-old Kate Hill, a member of the 1st Nunhead Guides, south London, disagreed: "If you wear old jeans with holes in them it might look a bit scruffy, but smart ones will be OK."

"We are already allowed to wear them on day trips, or where we might get dirty," she added.

She added: "Guiding is not seen as a fashionable thing to do. If guides are in jeans, more people might join in."

It is the first uniform change since 1990, when celebrity designer Jeff Banks introduced the movement to mix-and-match separates.

● Pictured left: Lianne Newport, 14, of the 1st Nunhead Guides in south London, models a 1930s uniform, while Helena Green, 12, shows the latest version.

Photograph: PA  
— Jojo Moyes

## Eating out is bad for you

People regularly eating out in restaurants, cafes and canteens are three times more likely to get food poisoning.

Cases of food poisoning increased by 14 per cent in England and Wales up to the start of this month, according to the Public Health Laboratory Service (PHLS) yesterday.

A memorandum submitted to the committee said research in South Wales had shown the higher risks posed to people eating out, prompting Peter Luff, the committee's Tory chairman, to ask whether that meant the rich were at greater risk than the poor.

There was no clear answer to that question, but Professor

Tom Humphrey, head of the service's food research laboratory, said: "When you rely on somebody else to cook your food, you live in hope that they do it properly."

In evidence to the Commons Select Committee on Agriculture, the service called for a ban on the sale of unpasteurised milk, and a review of the regulations on the spreading of sewage sludge on farms.

The proposed ban on the sale of unpasteurised milk, or Green Top, was first submitted to ministers in October by the Government's Advisory Committee for the Microbiological Safety of Food. It was acting on advice from the PHLS said this

week that its own report, condemning unpasteurised drinking milk, was not available to the public because it had been submitted to *The Lancet*.

Jeff Rooker, the food safety minister, is consulting interested parties on a Government proposal to ban the sale of Green Top in England, Wales and Northern Ireland - extending a ban introduced for Scotland in 1993.

The Advisory Committee said in evidence that there was also "growing concern about fruit, vegetables and salad crops which can be contaminated from animal or human sources, and from irrigation water".

— Anthony Bevins, Political Editor

## Moral angle Farce claim from maths in pay row

Maths and design and technology should be used to teach moral values, according to guidance from government advisers published yesterday.

Outside the classroom, garden plots, circle time and hunger lunches can all help to promote morals. New materials advising schools on how to teach morals through every subject are to be piloted in 50 schools.

"Every subject is value-laden," says the guidance on spiritual, moral, social and cultural development from the Qualifications and Curriculum Authority. "In mathematics, for example, truth is important. Scientific developments often give rise to moral dilemmas. History and English help pupils explore issues of motivation and character."

In design and technology, ownership of the artifacts pupils make can increase their respect for property. — Judith Judd

The Gallic contractors who maintain English Heritage monuments such as Stonehenge and Hadrian's Wall came under fire yesterday for allegedly presiding over a "French farce" in their industrial relations.

The Transport and General Workers' Union said a pay offer by SITA - which is owned by Lyonnaise des Eaux - of 6 per cent over 18 months was not worth the paper it was written on because it included a clause which means that management can change conditions of employment whenever it pleases. "If SITA looks after its ancient monuments as well as it looks after its workers, I don't give Stonehenge to the end of this year," said union official Chris Kaufman.

SITA director Bill Elliott said unions had agreed to recommend the package. "The next thing I hear is that they are holding a press conference in which they attack the deal and the company."

— Barrie Clement, Labour Editor

## Railway band back on track

Britain's only railway military band has won its battle to carry on playing at its traditional home. Railtrack said last week that platform refurbishment would mean the 80-year-old Great Western Railway Band would have to leave its home at London's Paddington station.

But last night Railtrack said that a "blast of opposition" had led to a change of heart and that the band could play on at Paddington.

## Nut warning

Somerfield supermarket chain issued a health warning yesterday after a teenage girl with a nut allergy reacted to traces of peanut in its own-label Chicken Tikka Kiev. The store is offering a full refund to worried customers. The teenager has made a full recovery.

## DAILY POEM

### A Birthday

by Christina Rossetti

My heart is like a singing bird  
Whose nest is in a watered shoot;  
My heart is like an apple-tree  
Whose boughs are bent with thick-set fruit;  
My heart is like a rainbow shell  
That puddles in a hazy sea;  
My heart is gladder than all these  
Because my love is come to me.

Raise me a dais of silk and down;  
Hang it with vair and purple dyes;  
Carve it in doves and pomegranates,  
And peacocks with a hundred eyes;  
Work it in gold and silver grapes;  
In leaves and silver flour-de-l'ys;  
Because the birthday of my life  
Is come, my love is come to me.

This week's poems come from the seventh edition of *Poems on the Underground*, edited by Gerard Benson. Judith Cher-niak and Cicely Herbert (Cassell, £12.99). Emulated around the world since its launch in 1986, *Poems on the Underground* now has counterparts on transport systems in cities from Moscow to Adelaide, as well as on the Internet.

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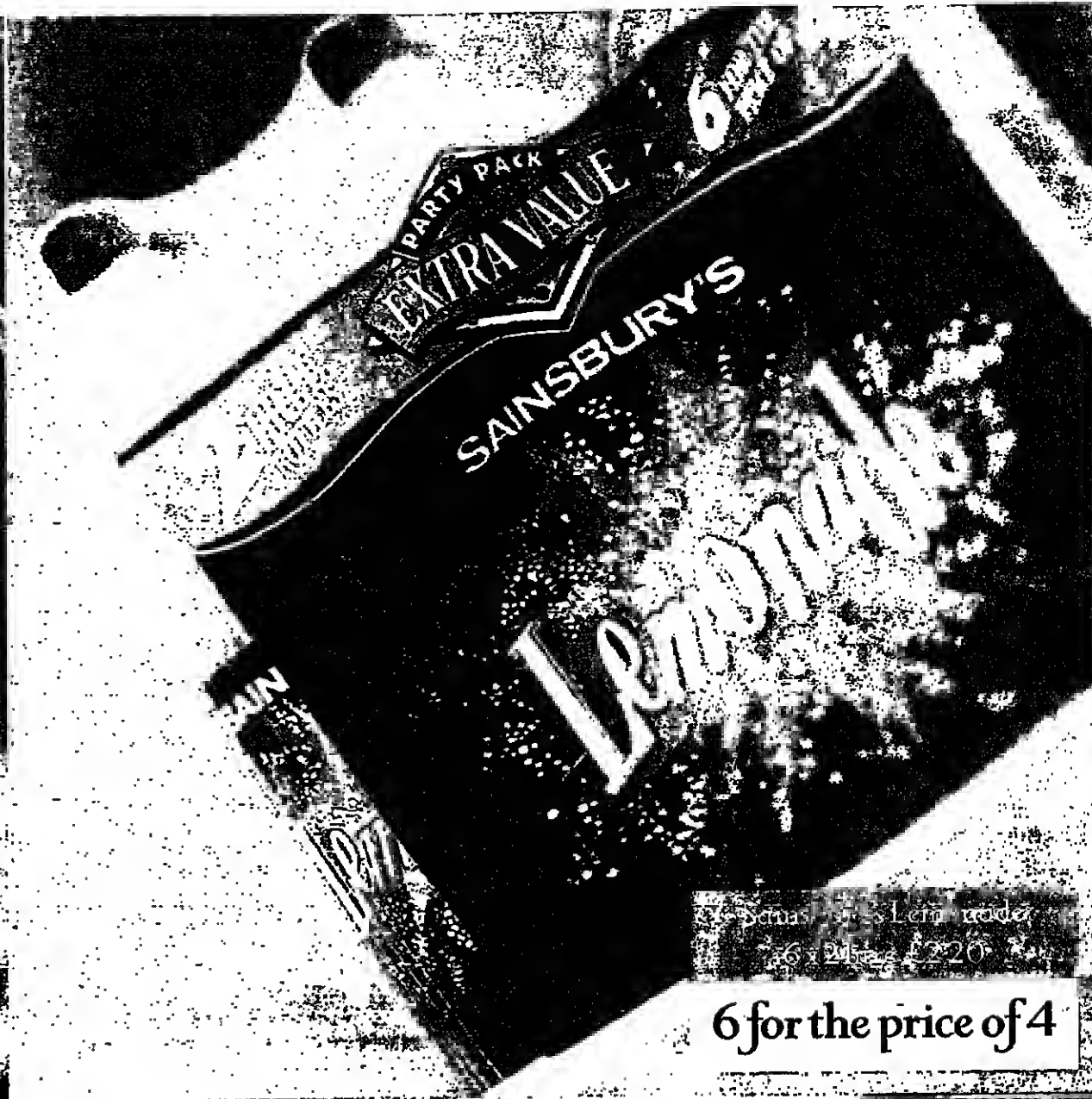
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# Great offers at Sainsbury's. Well, it is Christmas.



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## SDP hedges bets with twin track policy

Unable to decide whether to turn left or right, Germany's Social Democrats are doing both. Inre Karacs reports from the largest opposition party's conference in Hanover.

The years rolled back as Oskar Lafontaine, the leader of the party which hopes to unseat Chancellor Helmut Kohl, rose to the podium. He spoke about the evils of capitalism, castigated wicked speculators, and condemned the profiteers who put "shareholder value" above the interests of employees.

It was a virtuoso performance. An emotional appeal to the Social Democrats' core values, drawing on socialist terminology of yesteryear, was laced with harsh criticism of the Kohl government's economic policies.

On the threshold of election year, that was to be expected, but Mr Lafontaine did not stop there. Taking a tilt against the dark forces of "globalisation", the German leader put himself forward as the champion of a Social Democratic Europe.

But whilst he praised his British comrades for signing the EU's Social Charter, Mr Lafontaine made it clear that he was more in tune with the traditional leanings of French Socialists. The road to salvation —

and power — led via interventionist policies, he indicated.

"Without a co-ordinated economic and financial policy on a European scale, it is no longer possible to promote growth and employment," he declared. Europe, he suggested, should become a fortress against the excesses of globalisation: wage-dumping, tax-dumping and social dumping.

Mr Lafontaine also wanted the EU to uphold Germany's high standards on environment, and "harmonise" them throughout the community. On the domestic front, he suggested higher taxes on energy, and more spending on education and job-creation.

The motto of the party's four-day conference is "Innovation and social justice". Mr Lafontaine dwelt at length on the latter, but barely mentioned the former. That task will fall to Gerhard Schröder, the Social Democrats' second chancellor candidate.

Mr Schröder's message, to be delivered tomorrow, will be diametrically opposed to Mr Lafontaine's ideological presentation. Mr Schröder mistrusts "European" solutions, and likes to present himself as Germany's own Tony Blair.

The party will decide between the two next March. Until then, the Social Democrats must soldier on, with their twin track programme and double-headed candidate.



Party pair: Gerhard Schröder hugs Oskar Lafontaine, right, at the Social Democrat conference yesterday Photograph: Wolfgang Rattay/Reuters

## Walesa sets up new party

Lech Walesa, Poland's former president, received approval yesterday for the party which he hopes will draw non-voters to the polls.

Mr Walesa has said the Christian Democracy of Poland party — registered by a Warsaw court — will not compete with Solidarity, the union-led political bloc he also founded.

Mr Walesa endorsed the right-leaning Solidarity Electoral Action ahead of its victory in parliamentary elections in September but said he wanted a new party aimed at attracting the 52 per cent of Poles who did not vote.

## Cyprus talks fail

A Brussels envoy failed to persuade the Turkish Cypriots to join their Greek counterparts in negotiating the island's accession to the EU. Speaking after two-day talks with the Greek and Turkish communities on the island, Hans van den Broek, the EU Commissioner for Foreign Affairs, said he would continue his efforts. The remark was seen as an admission of failure. — AP, Nicolas

## 'Evil' bishop goes

Swiss Catholics breathed a sigh of relief yesterday after the Vatican announced that their most conservative and controversial bishop, Wolfgang Haas, is to be moved to Liechtenstein. His opponents accused him of being authoritarian, even evil or mad.

Tensions between Bishop Haas and other leading Swiss Catholics mounted after his appointment to the see of Chur in 1990. He angered liberals in his flock by opposing moves to allow lay preachers and enhance the role of women in the church.

His supporters in Chur collected up to 10,000 signatures earlier this year backing him. But opponents countered that they could easily collect 100,000 names against him.

## Girls' master class

The Vienna Boys' Choir announced on Tuesday that it would admit girls for the first time next year — but only to its elite music school, not to the choir itself. Announcing plans to celebrate the choir's 500th birthday next year, the artistic director Agnes Grossmann said girls would be admitted to the kindergarten next December and to the junior school the following year. — Reuters, Vienna

## Iraq could target London

The US last night stepped up the war of words against Saddam Hussein, saying that Iraq's secret stocks of chemical and biological weapons, combined with a growing missile capability, made him far more than a mere local threat in the Middle East.

William Cohen, the Defense Secretary, told a meeting of his NATO colleagues in Brussels that President Saddam was working on an enhanced missile with a range of 3,000 miles, bringing targets like London or Paris well within range.

He possessed not the "few drops" of the lethal VX toxin claimed by Baghdad, but almost four tonnes — as well as between

2,000 and 6,000 gallons of anthrax bacteria, which he was well on the way to "weaponizing".

Mr Cohen's presentation, complete with charts and photographs, was designed to steel NATO for a further showdown in a crisis which Washington believes is far from resolved. Unflinching allied support was essential for the UN arms inspectors if they were to do their job properly, US officials said, claiming that one of the 60-odd "presidential palaces" declared off-limits by President Saddam had an area as large as Washington DC.

— Rupert Cornwell

## Yeltsin's nuclear arms cut misfires

Keeping up his reputation for the unexpected, Russian President Boris Yeltsin yesterday declared his country would unilaterally slash its number of nuclear warheads by one-third.

Less than an hour after the president's pledge at a news conference on the first day of a three-day visit to Sweden, a spokesman said the cut is not imminent. Yeltsin's advisers often have to retract or modify his statements.

— Stockholm, AP

## Explosion kills 61 miners

Battling with freezing temperatures and burdened by out-dated equipment, teams of rescue workers were last night digging through rubble in search of survivors from a massive explosion in a Siberian coal mine which claimed at least 61 lives.

News of the tragedy, which was the worst recent accident in Russia's notoriously unsafe mining industry, dominated the nation's headlines, overshadowing the start of President Boris Yeltsin's three-day trip to Sweden.

The death toll rose steadily yesterday as body after body was brought to the surface following a methane gas explosion during

the overnight shift at a mine in the city of Novokuznetsk, 500 miles north of the border with Mongolia.

The mine was built under Stalin, and was opened just after the Second World War. Moves have long been afoot to reform Russia's costly and out-dated coal mining industry, but progress has been slow. Miners have been forced to continue working with equipment that is both old and unsafe.

Phil Reeves in Moscow  
● Stockholm — President Yeltsin, speaking in Sweden yesterday, said Russia will unilaterally slash its number of nuclear warheads by one-third.

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# 11/ENVIRONMENT

## Wildlife feels the heat from our climate folly

Wildlife as well as people will be endangered by man-made changes in climate, two leading conservation groups will tell the Kyoto climate treaty meeting today.

**Nicholas Schoon, Environment Correspondent, looks at their claim that plants and animals are already giving early warning of a warming world.**

Edith's checkerspot indicates that the southern edge of its range has been shifted 60 miles north as a result of an average 0.7C warming.

Any further south and conditions are too hot for the butterfly to maintain a population, but it has an alternative - moving upwards. If it lives on cooler high ground, such as mountainsides, it can tolerate living in lower latitudes. The scientists found these upland butterflies had, on average, shifted nearly 400ft higher.

Another study of 14 European butterfly species found nine had moved their range northwards by an average of 125 miles this century, three had stayed roughly put, one was expanding in all directions and only one appeared to be moving southwards. Research on alpine plants has shown that they are moving up mountains as higher temperatures climb up from below.

These are a few of the examples discussed at a scientific conference on wildlife and climate change in Colorado earlier this year. Biologists believe some flora and fauna can act as highly sensitive indicators of climate change, responding to small but sustained alterations in temperature.

The findings from the conference are being released in Kyoto today by the international conservation groups World Wide Fund for Nature and Birdlife International, whose UK member is the Royal Society for the Protection of Birds.

The UN climate treaty negotiations in Kyoto are centred around what cuts developed countries should make in their emissions of climate changing greenhouse gases, principally carbon dioxide which comes from burning coal, oil and gas.

They end in the middle of next week, and have made little progress so far. The really serious talking starts at the weekend, when ministers arrive.

Birds, frogs, butterflies and alpine plants are all telling humans about our species' potentially disastrous intervention in the workings of the earth's climate, say the World Wide Fund for Nature and Birdlife International.

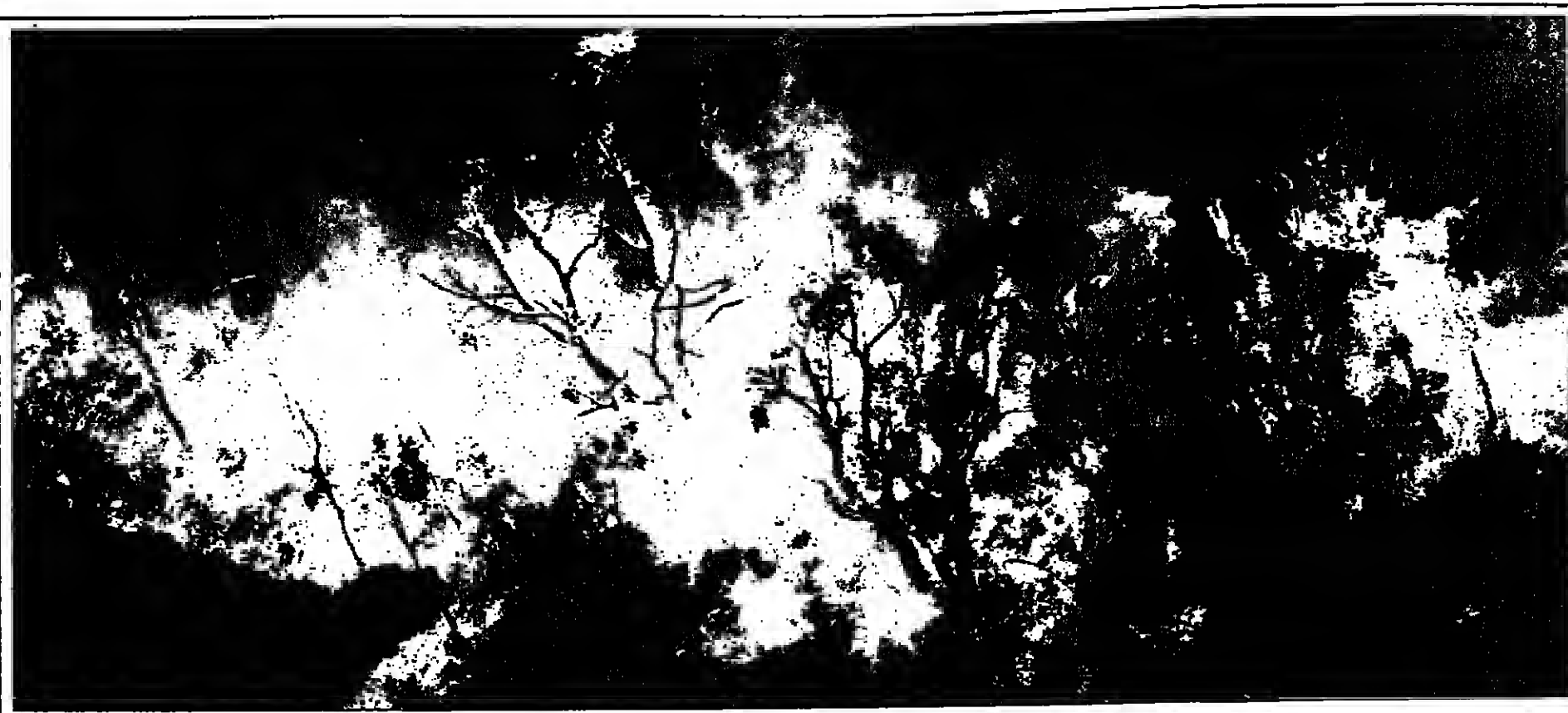
They are convinced that in the coming century, the accelerating pace of change will become a real threat to flora and fauna, threatening thousands of species with extinction.

Many animals and plants have been able to cope with large, natural swings in temperature and rainfall in the past; they shifted their distribution. This time it will be far more difficult because vast areas of potential habitat have been taken over by man for cities and intensively exploited farmland.

Migrating water birds may find the mudflats and salt marshes they rely on as feeding grounds disappearing beneath small rises in sea level.

Researchers have found that of 65 British bird species, most are nesting earlier than they were a quarter century ago, nine days earlier, on average. Also in the UK, frogs, toads and newts seem to be arriving at ponds to spawn a few days earlier than they did 17 years ago.

In the United States, a study of a butterfly species called



Rage on: Bush fires, fanned by hot winds, reached the Menai area of Sydney yesterday, destroying 30 homes. Two firefighters died in Lithgow, 100km north-west of Sydney, as 5,000 battled some 400 blazes across New South Wales. With dry weather set to continue, officials fear the worst

Photograph: Stephen Cooper/Reuters

## Campaigners' victory will not protect peat

Controversial plans to remove the special wildlife designation from parts of two big English bogs were abandoned yesterday. But, says Nicholas Schoon, that will not save them from peat extraction.

Environmental groups celebrated, but the conservation saga of Thorne and Hatfield Moors on Humberside appears no nearer a happy ending after English Nature's decision yesterday. The ruling council of the Government's wildlife watchdog decided to drop plans to remove Site of Special Scientific Interest (SSSI) status from nearly a fifth of their combined area.

These moors on Humberside are fine specimens of raised, lowland peat bogs - a rare habitat in Europe. It consists of a huge, low mound of peat which has accumulated over thousands of years, with its own collection of plant and animal species living on top.

Despite their SSSI designation, for many years they have been damaged by peat extraction - which lowers the water table and dries them out, killing the special bog vegetation. In the past few decades this has escalated, leading to massive, mechanical peat stripping to

provide peat for horticulture.

Five years ago English Nature did a deal with Levington, the company which has long-established planning permissions to extract the peat. The relatively undamaged majority of the moors, covered in vegetation, were given over to the conservation arm in order to protect them as nature reserves.

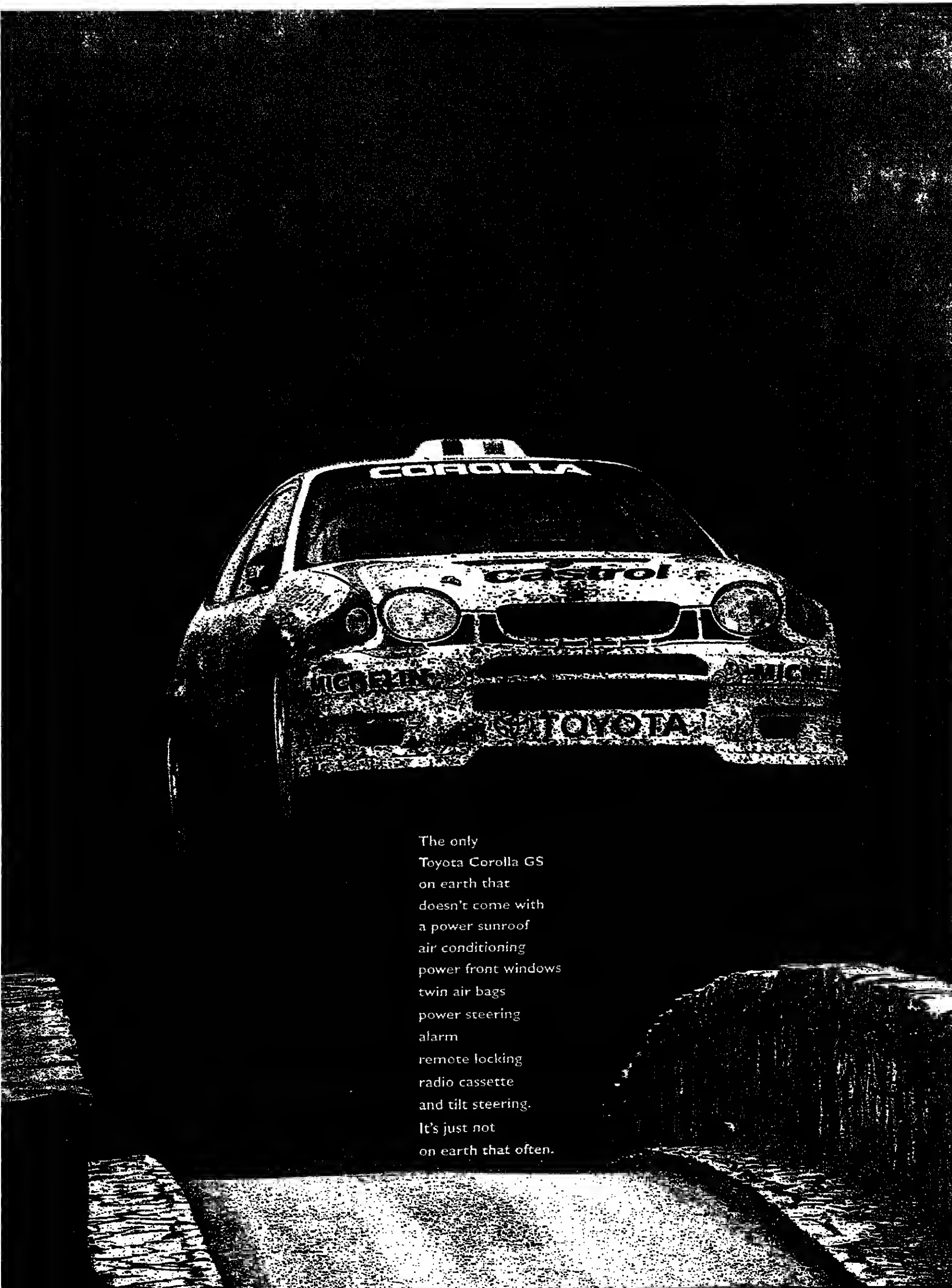
Leavington was given *carte blanche* to keep mining peat from the remainder, until it got within half a metre of the underlying rock. Then it would have to stop, so the thin layer of remaining peat could hopefully be restored as bog.

In effect, the deal gave the company about 30 years more exploitation of the moors. It was decried by environmentalists, who said it was wrong in principle and that further extraction would keep on lowering the water table - threatening the rest of the moors.

This year, English Nature's top officers had proposed removing the SSSI status from those parts of the moors being worked by Levington. But yesterday, English Nature's council rejected the proposal, because it could not be certain that continuing extraction would not damage the rest of the moors.

Conservation groups were delighted but, as English Nature pointed out, the decision does nothing to get Levington off the moor.

To do that, the local council would have to revoke the company's planning permission for peat extraction - in return for which it would have to pay large sums in compensation. Alternatively, the Government would have to change the law concerning planning and wildlife sites. Both environmentalists and English Nature can agree that is necessary.

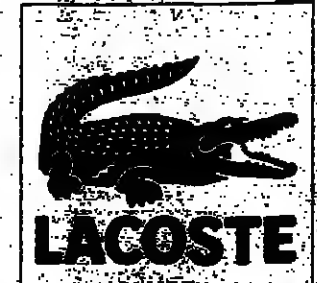


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## Clinton fights to keep race relations drive on track

Bill Clinton travels to Ohio today to preside at a discussion of race relations that will be televised across America. Mary Dejevsky says the first big follow-up to his national dialogue on race may not be enough to save an initiative that is already floundering.

The town of Akron, barely 30 miles from the industrial city of Cleveland, was chosen by the White House for its model policies on race. They include the "Coming Together Fellowship", which pairs black and

white individuals who are members of existing clubs and groups and sets them the challenge of getting to know each other one on one - the principle being that race relations will improve only when contacts are people to people, not "race to race".

The programme was started four years ago after the local newspaper ran a series of articles on the widening gap between the city's blacks and whites. For the purposes of today's conference, the city has the added advantage that it is 75 per cent white, increasing the likelihood that a respectable number of white people will attend a forum on what is seen as a largely black issue.

Whatever the credentials of Akron, to-

day's conference, denoted a town-hall style meeting in the manner of the largely unscripted gatherings at which Mr Clinton excelled during his presidential campaigns, has had almost as chequered a history as the President's race relations initiative as a whole.

Its agenda was adapted, if not thoroughly rewritten, after the Republican Speaker of the House of Representatives, Newt Gingrich, objected that proceedings would merely defend the President's known enthusiasm for "affirmative action" - positive discrimination on ethnic grounds.

Mr Gingrich complained that it would give no platform to the increasingly vocal section of opinion in the United States that

rejects "reverse" discrimination as contrary to the principle of equal opportunities. Now a number of opponents of affirmative action are expected to attend and address the meeting: the importance of affirmative action has also been scaled down.

A White House aide appeared to make a virtue out of necessity, saying: "Real life discussions about race are often contentious and emotional. There's no reason why this shouldn't be, too." But to many, including, it is said, Mr Clinton, the greater risk is that the conference gets bogged down in the same bland clichés and do-goodery that have characterised the initiative so far.

In fact, Mr Clinton might well wonder whether his "national dialogue" on race

really needed the President's imprimatur. Outside the hothouse of Washington politics, a feverish dialogue on race is already in progress, the like of which may not have been seen in the US since the civil rights movement of the Sixties.

The debate has been joined in courts, on radio talk shows, in the columns of newspapers and journals, and in a crop of new books. Several are scholarly rebuttals, four years on, of *The Bell Curve*, the book that argued a correlation between race and intelligence. Others analyse current racial divisions in the US and forecast, more optimistically than not, their eventual resolution in a demographic melting-pot.

Recent polls have suggested that racial

hatred and suspicion in America are at least disappointed of, if not in decline. Another survey suggested teenagers were increasingly "colour blind".

On the ground, the evidence is conflicting. Housing and schooling is *de facto* segregated in much of the US. While the hometown of the Ku Klux Klan founder recently elected its first black mayor, an outbreak of racial attacks by skinheads in the mid-Western city of Denver has highlighted new friction. And in Texas, the growing Hispanic minority is challenging black control of councils and school boards, suggesting further conflict when whites cease to be an overall majority in a multi-coloured, if still not integrated, US.

## Equality policy lives on

A recent out of court settlement in a landmark race relations case showed how far public and legal opinion has now swung against 30 years of affirmative action.

This policy, which encouraged positive discrimination for jobs and university places in favour of ethnic minorities and women has been in retreat for more than a year.

The celebrated case of a white teacher, Sharon Taxman, who sued for wrongful dismissal after her school chose to keep a black teacher on the staff, had been expected to decide the legality of "affirmative action" once and for all.

But last month Ms Taxman agreed to settle for more than \$400,000 rather than go to the Supreme Court. The money was paid not by the school authorities (the defendants), but by the Black Leadership Forum, a group of civil rights organisations. Their only possible motive was to fend off a judgment that they anticipated would go against affirmative action. The settlement means that there will be no Supreme Court ruling, therefore no end to affirmative action. —Mary Dejevsky



Fighting back: Some observers hope that *Amistad*, Steven Spielberg's new film about a slave-ship mutiny, may become a *Schindler's List* for America's African diaspora

## Spielberg film of slave revolt hits home

The Clintons, along with members of the White House staff, were expected to get themselves into the mood for today's conference by attending a showing of Steven Spielberg's new film, *Amistad*, due to be released next week.

*Amistad* tells the true story of a mutiny on board the slave ship *Amistad* in 1839, the ship's subsequent capture off Long Island, and the eventual United States legal ruling that vindicates the slaves and sets them free.

Like so many of Spielberg's films, *Amistad* is guaranteed to strike a chord with the American public. It is already predicted that it could be a *Schindler's List* for the African diaspora. The curiosity about slavery has grown recently with suggestions that President Bill Clinton might issue a formal apology for the treatment of slaves.

*Amistad*, which is reported to be unflinching in its depiction of the suffering endured by slaves, offers a solution of a kind. By depicting the early US as a state of law, in which principled individuals - in this case, John Quincy Adams - were prepared to stand up for the right to freedom, even of those sold into slavery, Spielberg keeps the constitutional ideal of the US intact.

That it took the best part of 30 years, and a civil war, before the ideal and reality were brought into accord is what is seen as evil, not the essence of the US.

—Mary Dejevsky, Washington

## Winnie's daughter accused of torture

Members of Winnie Mandela's notorious football club yesterday claimed her daughter had taken a leading part in torturing those on her mother's hit list.

Mary Broid, in Johannesburg, says the testimony reinforces Mrs Mandela's image as a violent mafia leader.

Gift Ntombeni, a former member of the Mandela United Football Club, claimed Winnie Madikizela-Mandela's younger daughter, Zinzi, carved the initials ANC onto the back and chest of a man accused of being a police spy.

Mr Ntombeni, 25, said he saw Zinzi gouging out the letters with plastic utensils in the yard of Mrs Mandela's Soweto home in the late 1980s. As Mr Ntombeni told his story, the permanent smile that has played on the lips of Zinzi, 37, throughout seven harrowing days of testimony during which her mother has been implicated in at least six murders and many assaults, disappeared. It was replaced by a broad grin, and an exaggerated roll of the eyes heavenward.

Mr Ntombeni told the Truth and Reconciliation Commission hearings into the activities of the football club that Zinzi and her mother initiated and even took part in assaults. "I know this woman [Zinzi]," he said. "And I know what she is capable of..." Zinzi

definitely takes after her mother. Both of them are capable of any deed whatsoever."

Mr Ntombeni's testimony reinforced a portrait of Mrs Mandela as violent mafia leader rather than the Mother of the Nation. The portrait embarrasses her political allies. Yesterday it was reported that the ANC's Women League was rethinking its nomination of Mrs Mandela for deputy leader of the party, against the leadership's wishes, later this month.

Mr Ntombeni, like other witnesses, portrayed the football club as gangsters. They would, he said, hunt down "informers" and bring them back to a shack nicknamed Lusaka - the headquarters of the ANC in exile - at the back of Mrs Mandela's home. "Then we would start assaulting them and disappearing them," he said. Torture methods included burning.

No sane person defied Win-

nie, he said. Anyone who did was labelled a police spy. Mr Ntombeni said he left the club in 1988, when he was 16, after a year's stay at Mrs Mandela's house. He claimed Zinzi denounced him as an informer and Mrs Mandela hired a hitman to kill him.

According to Mr Ntombeni, ANC officials helped him leave the country for Uganda in 1992 after he went to the party's Johannesburg headquarters and complained that Mrs Mandela had ordered his assassination. He returned home two years later.

On Monday, the TRC issued a strong warning to Mrs Mandela after witnesses accused her of intimidation. Mr Ntombeni said Mrs Mandela summoned him to her home just a week ago to speak about his testimony. Ishmail Semanya, Mrs Mandela's lawyer, who sought to prevent Mr Ntombeni giving evidence, did not contest his claim.

Allegations against Zinzi Mandela-Hlongwane were also made yesterday by another former club member, Lerato-dikangeng. He claimed she instigated and participated in the torture of youths accused of raping a schoolgirl.

Mr Ikaneng revealed a large scar across his neck. He said he had been left for dead in a field in 1989 after Mrs Mandela found out he had given the police a statement about a murder committed by Siswe Sithole, the father of one of Zinzi's four children.

Mr Ikaneng said Gerry Richardson, the former "coach" of the football club, had cut his throat with garden shears. Mr Richardson is serving life for the murder of Stompie Seipei Mooketsi, 14, in 1989. Mrs Mandela was convicted of kidnapping the boy. Richardson is expected to testify today that Mrs Mandela ordered him to kill Stompie.

Mrs Mandela is expected to testify tomorrow. A taste of what might be in store was offered yesterday after ANC activist Evodia Nkandimeng, 33, claimed that Mrs Mandela had an affair with a police spy.

With no hard evidence to offer, Mr Semanya accused Ms Nkandimeng of being a police spy. Archbishop Desmond Tutu, TRC chairman, admonished the lawyer.

Yesterday, Alex Boraine, TRC deputy chairman, expressed the Commission's general dissatisfaction with the level of honesty among witnesses that have so far appeared - whether ANC big wigs or prisoners serving life.



Family affair: Winnie Mandela, left, with daughter Zinzi at the TRC hearing yesterday Photograph: Reuters



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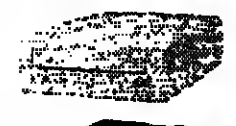
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# 14/THE SPENCERS

## Why patenting this face could help boost celebrity fortunes

An attempt to patent the face of Diana, Princess of Wales is likely to prevent her image being used in cheap merchandising. It is also, as Jojo Moyes discovers, indicative of celebrities' attempts to take even greater control over their publicity.

The last attempt to "patent" a face was when the pop star Adam Ant tried to prevent the publication of cheap posters bearing his "New Romantic" look. The judge in that case ruled that there was no copyright on someone's appearance.

But now, due to the enlargement of the 1994 Trade-mark Act, it is possible to register much more. Because of this, lawyers acting for the Princess of Wales Memorial Fund have sent 26 photographs of her to be registered with the Patent Office, in a move which could generate millions of pounds - and have huge implications for living celebrities.

The photographs cover the Princess from almost all angles, and with different hairstyles. This means that anyone wishing to use on merchandise a photograph which was "substantially similar" to any of those 26 images would have to apply to the Memorial Fund for permission, and would be liable to pay a fee.

In a concurrent move, the office is also applying to register the name Diana, Princess of Wales, as a trademark. The two moves would effectively give control of the Princess's image to the fund office, and transfer the Princess's status into that of a trading emblem.

John Major, the former prime minister, who is acting as financial guardian to Princes William and Harry, is expected to go to the High Court before Christmas to pass the trademark rights from the Princess to the Memorial Fund.

Mr Major is said to want to establish that the young princes ultimately own the image and name of their mother. The decision on the trademark application is likely to take six months.

Kate Knightley Day, of the Memorial Fund office, said yesterday: "Such an application is highly unusual. It has been prompted by the extensive



Face and fortune: Lawyers acting for the Princess of Wales Memorial Fund have sent 26 photographs of her from almost all angles and with different hairstyles to be registered with the Patent Office. Merchandisers would have to seek permission to use photographs "substantially similar" to those images. Photograph: Tim Graham

from using them for merchandising."

According to Mr Fry, images could still be used as long as they were illustrative - but not as a basis for making money. He referred to a recent case in Scotland, where the pop group Wet Wet Wet had registered their name as a trademark and subsequently attempted to block an unauthorised biography in the same name.

"The book was initially blocked, but it went to appeal and the judge said that was wrong, as the phrase Wet Wet Wet was being used to say what the book was about," Mr Fry said. "On that basis, you would still be able to bring out a book called *Diana, Princess of Wales*, with photographs, but not a photograph album."

"The most relevant thing is they're firing a warning shot across people's bows. Even if manufacturers' lawyers labour late into the night, it's not always going to be worth it."

The Diana memorabilia industry is estimated to be worth around £100m worldwide. The Princess's solicitors have written more than 700 letters to companies to attempt to ensure that the memorial fund receives a share of the sale of Diana-related goods.

Recognising the lucrative possibilities of fame, celebrities are increasingly keen to take control of their image. Eric Cantona, for example, attempted to register shirts marked "Cantona 7" and the catchphrase "Ooh Aah Cantona", and Damon Hill tried to register the image of himself wearing his helmet.

"What is worrying is that instead of being used for legitimate commercial purposes, this will be used as a means of censorship. For example, in the Wet Wet Wet case they didn't like what was inside the book," said Mr Fry. "What is interesting in Diana's case is that it has come now rather than during her life."

misuse of likeness, which extends beyond mere photographic images."

According to Robin Fry, media lawyer at Stephens Innocent, this is an ambitious interpretation of the law, and one which may well be challenged.

"It's a frightener. If people see that all things bearing this image bear trademark, and it's backed up by threats from lawyers a lot of people will capitulate. It's cheaper to buy a license and pay the 5 per cent to the fund."

Where does that leave photographers who might have compiled hundreds of their own images of the Princess? "They'd be able to use their own photographs for newspaper coverage, but it's possible that they would be blocked

## Earl pays price to keep infidelities under wraps

Earl Spencer's eight-year marriage will end today with a quickie divorce. According to Ian Burrell, the £2m settlement was the price the Earl was prepared to pay for his wife's silence on 'marital confidences'.



"It won't last," clucked some observers at St Mary's Church, near Althorp, when Charles Edward Maurice, the ninth Earl Spencer, pledged himself to a beautiful model. The couple had met only a few weeks earlier and Darius Guppy, who was later to be jailed for a bogus jewel robbery insurance scam, was the best man.

Sure enough, in a rubber-stamping ceremony today at court room number 17 at the Supreme Court in Cape Town, the Earl's marriage to Victoria Lockwood will be annulled.

It was September 1989 when Victoria Lockwood trailed limply beside Charles Althorp at their wedding. She looked utterly miserable and far from looking happy he looked sombre, as though he was carrying out another ancestral duty.

When, in an announcement from his bath, Lord Spencer first told his wife that he believed their relationship was scuppered, he can have had little idea that intimate details of the couple's problems would be relayed to the world's media.

That, to a degree, is what has happened during what was supposed to have been a hearing which would simply decide whether the couple's divorce should be heard in England or South Africa.

Instead, lawyers for Lady Spencer alleged that her husband had between 10 and 12 affairs while she was fighting to overcome drink and drug dependencies.

It could have been worse. The full story of Lord Spencer's alleged adultery would have emerged had the Countess been allowed to take the witness stand.

Yet after hours of discussions, the prospect of that scenario was dispelled by a settlement, announced in the early hours of yesterday morning and believed to include a £2m clean break pay-out.

Significantly, a pre-prepared statement said: "A fundamental term of the agreement is that we undertake to the courts of South Africa and England not to breach our marital confidences or to give further details of this settlement."

Yesterday the two legal teams met in chambers to sort out the final details.

Difficulties in drawing up the papers and sorting out bank details were understood to be behind the delay, which meant the divorce could not go through yesterday.

Lord Spencer, 33, wanted the divorce to be heard in South Africa but his wife wanted it in England where any settlement was likely to be higher.

She sought a £3.75m clean break settlement but her husband offered only a lump sum of £300,000 and other perks including a house in a smart suburb of Cape Town.

The family fortune is estimated at £100m but the Earl said most of his assets



Triangle: Countess Spencer, the Earl, and his mistress Chantal Collopy, who was ready to tell all

were tied up with the Althorp family home in Northamptonshire.

Yesterday at Althorp, security was stepped up amid fears that intruders were trying to reach the grave of Diana, Princess of Wales.

The Earl's spokeswoman, Shelley-Anne Claircourt, said that a sophisticated security system was put in after two people tried to climb perimeter walls.

She said the incident occurred two months ago, more than a mile from the grave site, and the police were not involved.

Ms Claircourt added that the plans for a fence around Diana's island resting place were not introduced as a security measure. "They are decorative iron gates being put up in the vicinity of the island," she said.

Christmas Day

25

December

"Thanks ever so much for the jumper..."

Boxing Day

26

December

"No, really, I do like it, honest..."

New Year's Day

1

January

"So you're sure I don't need a receipt?"

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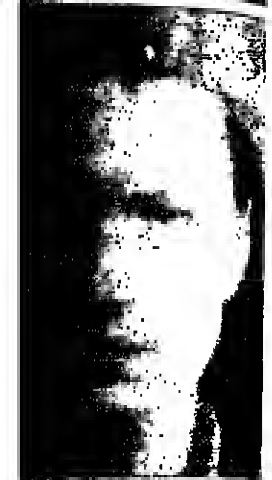
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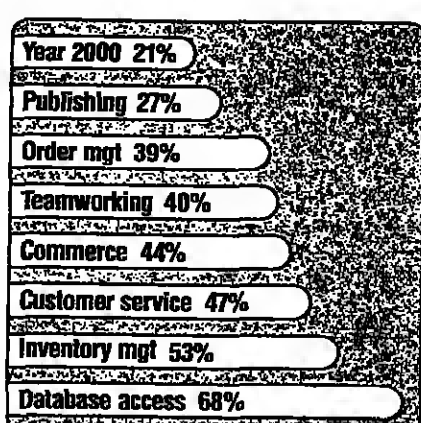
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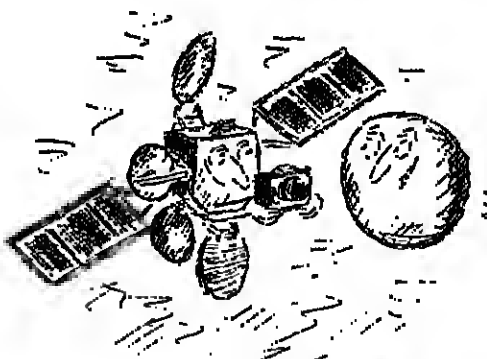
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An intranet makes good business sense. Here's what companies got back on their investment over the first year. (Source: Meta Group)



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# work as well without

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e-business

informally collaborative environment without investing a lot of money.

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A recent study by the Meta Group determined that corporate intranets had an average return-on-investment of 38%. Pretty good.

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Therefore, the more interactive your Web site - the more "collaboration rich" - the better the payoff for your business.

(Little wonder then, that Business Week summed up

dealers, the cost of setting up a purchase order went from £35 to 10 pence. Here are three more examples.

**Case Study 1:** Gabetti, Italy's foremost property broker, uses an IBM intranet/Internet solution to forge a competitive edge. Property details are up-dated centrally and shared across a nationwide network. Customers have Web access to a 24 hour property catalogue.

**Case Study 2:** Coloplast, a leading Danish health care product manufacturer, is planning a secure zone for its Web site as a global forum for new product development. IBM based the site on Lotus Notes.

**Case Study 3:** Castrol International, as a sponsor of formula one racing, distributes high quality action photos to the world's press direct from trackside - via the Web. The solution, built by Agora, an IBM partner, uses Lotus Notes.

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## Movers and shakers in the Bond market



When *'Tomorrow Never Dies'* opens next week 007 won't be the only one in for the kill. Designing clothes for the world's most stylish secret agent - and his enemies - can be a licence to sell, says Francesca Fearon.

You think you're watching action heroes, but you're really window shopping. That's the conclusion that the likes of Armani and Cerruti and Hugo Boss have reached, and you know they can't be wrong. Armani has worked on more than 90 films, including *Batman* and *The Bodyguard*. Cerruti has notched up a similar number. Italian label Ermesegildo Zegna's latest credits are *The Devil's Advocate*, and Kenneth Branagh in *The Gingerbread Man*. Ever since the first moving pictures were shown, films have proved to be the perfect forum for showing off fashion. With *James Bond* held captive for two years while the camera mag-

nifies every designer detail on to a huge screen, it is surely the most profitable form of free advertising there is. The designers provide the clothes free, of course - and, of course, it's dead important that the folk see the label.

It was no accident that Armani launched his menswear collection in the US on the back of the success of *American Gigolo*. The timing was certainly right.

"In the Eighties men started to focus more on fitness and the right dose of vanity," says Giorgio Armani. "They tended to be more flexible in the way of clothing, and became less conservative and traditional."

*Rocky IV* propelled Hugo Boss into the US market. But now it's that James Bond moment again: *Tomorrow Never Dies* premieres next week. Enter the Italian bespoke tailor Brioni, with a licence to dress.

Bond has had a tricky sartorial history, and that's down to the different actors who have played the role over the years. The truth about Bond and clothes is the same as the truth about Bond himself. Sean Con-

nelly was the only one who was really the business. Roger Moore is remembered for his Seventies slacks, and Timothy Dalton for his complete lack of dress sense; Sean Connery's timeless Sixties tailoring is the

look best liked on Bond. "It was simple, classic and partly period," explains the costume designer, Lindy Hemmings. That is just the image she was seeking for Pierce Brosnan, the first Bond since Connery to look and feel right: the first one really worth dressing (or undressing). "I wanted a look that Bond would have chosen for himself - slightly Savile Row - but would not make him stand out in a crowd," she says. So Hemmings chose Brioni to kit out Bond, because the tailors of Savile Row did not have the capacity to produce within two weeks the 17 suits required, complete with special inside



Above: Harrison Ford in 'Airforce One' wore Cerruti suit, £700 off the peg, to be sold at Christie's for an estimated £1,800 to £2,200; Richard Gere wore Armani for 'American Gigolo'

pockets in which 007 could stash his Walther PPK.

Rather than impose a current season's look on her characters, which she believes would have dated the film, Hemmings has used clothes to define each personality. In *Tomorrow Never Dies*, Bond is classical; Jonathan Pryce as the villain, Carver, is modern and minimalist, wearing clothes adapted from Kenzo; and the henchman, Stamper, played by Gotz Otto, wears Oswald Boateng, which, says Hemmings, is "the reflection of a young, modern hard man."

At Christie's, South Kensington, you can buy suits straight off the screen if you've a few tens of thousands to spare. The navy suit Harrison Ford wears in *Airforce One* is one he bought off the rail from Cerruti and thought would fit the part. Cerruti then ran up 36 copies, to be worn by Ford and his stunt doubles in the film. Very few of them survived the rigours of filming, but one that did is being sold for between £1,800 and £2,200, complete with two bullet holes and imitation blood.

Alongside the Cerruti at Christie's will be a dress suit, a navy three-piece and a cream linen suit designed specially for Sean Connery in *Diamonds are Forever*, both estimated to sell for between £4,500 and £6,500, and a brown wool suit from *Thunderball*. The most sought-after item however, will be the black wool dinner suit with claret lapels and matching trousers, that was made for Sean Connery, again for 1971's *Diamonds are Forever*. The lowest bid expected for that is £6,000.

So if you hanker after a suit once worn by your hero, then, at last, if you have the spare cash, this is your opportunity to realise a Hollywood dream, bullet holes and all.

*'Tomorrow Never Dies'* premieres in London on 9 December, and goes on general release on 12 December.

Christie's Film and Entertainment Memorabilia sale will be held on 11 December at 55 Old Brompton Road, South Kensington, London SW7, from 2pm. Call 0171-581 7611 for further details, or 0171-321 3152 for a catalogue.

### BUY ME

**Making Faces,**  
By Kevyn Aucoin  
£25

Thank goodness for Kevyn Aucoin. He is the first make-up artist to do not only a readable book about applying make-up, but a sweet, endearing and understandable one too. It's almost too much.

In his introduction to *Making Faces*, which went straight to the top of the US non-fiction book chart last month, Aucoin says he hates the words "acceptable" and "normal". He also strongly believes there are no rules to applying make-up; we have to find our own way, just as he did.

Aucoin spent his childhood using his little sister, Carla, as a model. We see her aged four, eight, 10, 12 and 14, transformed by her brothers' deft hand. Today Aucoin is regarded as one of the best make-up artists in the world, despite his lack of formal training. Models swear by him, so do movie stars and Everywoman, which is no doubt why this new book has been so popular in the States. He shows us every kind of make-up technique in the book, and it is



The secret's in the make-up: Marilyn Monroe - or is it Lisa Marie Presley?

visually demonstrated on Julia Roberts, Gena Rowlands, Tina Turner, teenagers and even a transvestite, with "how to" pictures, text, and handy tips.

The single most important thing that comes across from this book is that make-up, applied correctly, is one of the most powerful tools a woman can have. He shows us Sandy, a fifty-something black woman, whom he turns from a Cleo Laine lookalike into Diana Ross. He shows us 44-year-old Catherine, whose severe look he softens, and in the process makes appear 10 years younger. He also demonstrates the power of a make-up as a transformer, with Drew Barrymore as a convincing Marlene Dietrich, and Isabella Rossellini as Barbara Streisand.

Basically, this is a make-up book for people who are scared of make-up, but don't want to be. Even I discovered the correct way to pluck my eyebrows.

Melanie Rickey

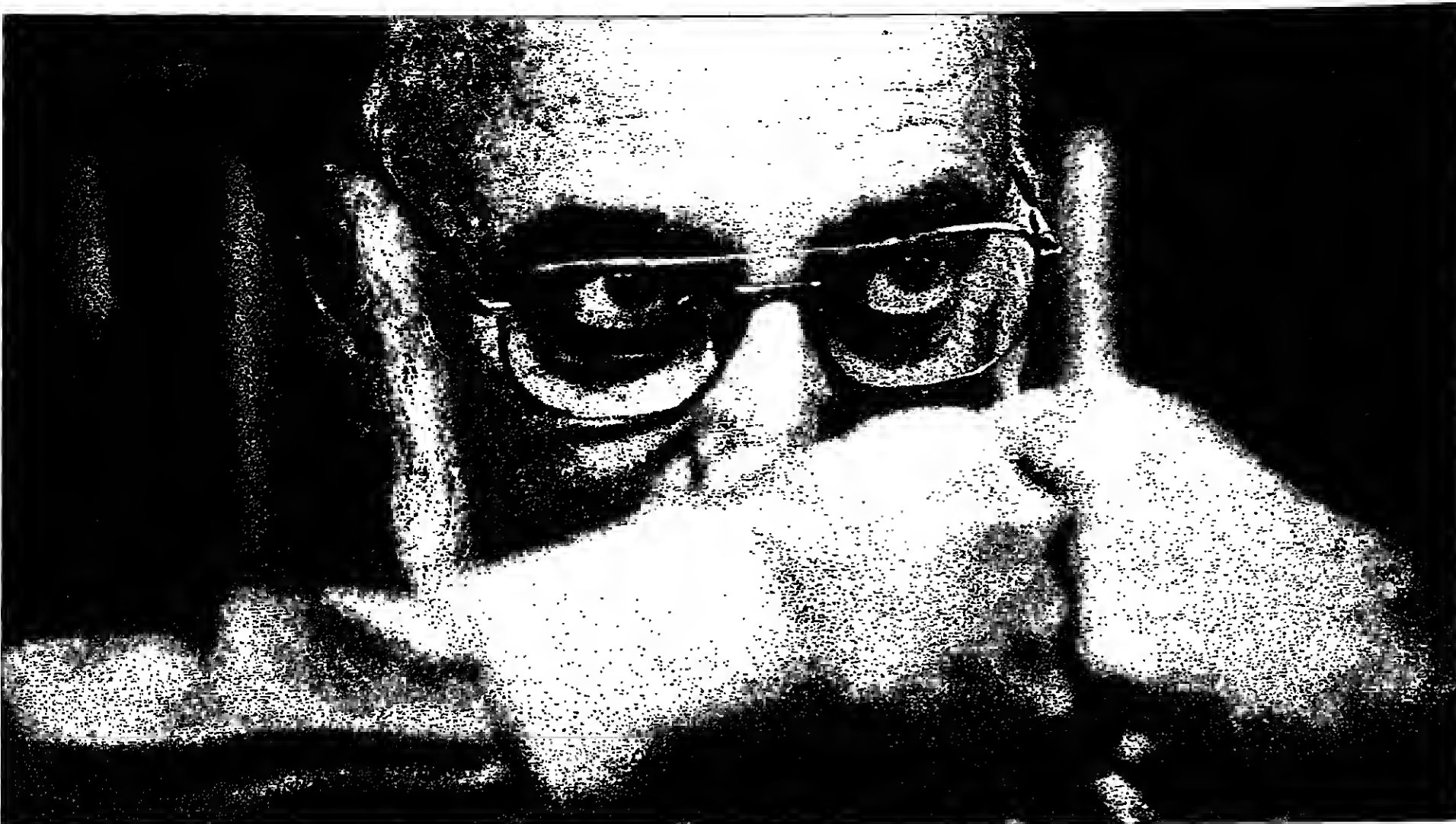
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## Husband v wife: crossing the battle lines



Professor Gottman: 'The basic complaint we get from men is that they feel criticised by a wife who has an infinite list of unreasonable demands'

Photograph: Andrew Burman

**Men are hopeless at talking about their feelings and incapable of facing emotional problems, and that's why so many marriages end in divorce, right? Not exactly, says Professor John Gottman.**  
**Jack O'Sullivan listens.**

Neanderthal man is a little out of fashion these days on American campuses, so it's not often that you hear an urbane American professor preaching his virtues. But John Gottman, professor of psychology at the University of Washington in Seattle, is getting very excited about *In Defense of the Cave Men*. It's currently running on Broadway and for the professor, fast becoming America's top marriage guru, the play is a great example of just how good men can be at relationships.

"There's this exchange," he explains, "where the wife says, 'How can you be friends with Harry. I don't understand the basis of the friendship.' 'Why?' says the husband. 'We've been friends for years.' 'But he's such a miser,' replies the wife. 'Such a penny pincher. It's so obnoxious.' 'Yeah,' says the husband. 'But he's my miser.'"

"In other words," explains the professor, "he is saying that he accepts all his friend's faults. It's like a shoe that you've broken in. It's comfortable because you like it and know it. He accepts his friend with all his faults and just appreciates what's positive about the relationship. Men are much better at that. Women are more idealistic, so in their relationships they work and work on problems and talk about their feelings and try to make the relationship work better and better."

In a way it's a strength because the female approach can make for improved relationships. But, says the professor, it can also lead to great disillusionment - and divorce.

This is not a perspective usually offered in the great debate about the massive rate of marriage breakdown. Discussion typically leads to a resounding chorus. Men are the real problem. It is a theme likely to echo today at a major conference on "The Chaos of Love", sponsored by One Plus One, the marriage research charity. After all, nearly three quarters of divorce proceedings are begun by women. And in existing marriages, there seems to be plenty of evidence that women are getting a raw deal. Little more than half of married women would choose the same spouse if they had a second chance. In contrast, nearly three quarters of guys would pick the same wife. The answer seems obvious. Men have to change. Everything, says the conventional wisdom, would be OK if only they became more like women, who, as the great emotional communicators, are assumed to have monopolised the skills required for successful wedlock.

For Professor Gottman, however, the issue is a little more complicated. In some ways, women need to become more like men if marriages are to succeed. He has spent two decades at his Washington "love lab", recording the interactions of couples in an effort to develop scientifically proven advice on how to make a marriage last. In one study he successfully predicted correctly 94 per cent of those who would be heading for divorce in three years' time. So he knows a thing or two about what makes a marriage thrive. At 55, bearded and sporting a skull cap, Professor Gottman

brings to a subject that is all too often the preserve of talk shows and women's magazines, the weighty consideration of a rational sage.

He traces the willingness of men to avoid conflict in imperfect relationships to their childhood experiences of games. "Have you ever noticed," he says in his book published today, "that boys don't let quarrels break up the all-important game? It's not that they don't get angry - boys quarrel all the time

certain level and the system floods with adrenaline. "If you had 20 men and 20 women in this room," says the professor, "and banged on the desk, you would find that the male heart rate goes up higher and stays up longer than the women's. So whereas men are more likely to say 'I need to cool down. I need a break. I need to stop talking about this,' women will keep wanting to talk out an issue and become very distraught. But it is healthier for men to withdraw

clearly superior to women in the interpersonal realm," he says, "is in the ability to play. In a close marital relationship, men are just better in the silly areas, in being aware of the absurdity of life, in their ability to laugh at themselves. Women are just much, much more serious. It is the guy who will throw the snowball at his wife as she is walking out of church. Women really like humour and appreciate it in men. And it really benefits children. The ability of a father to be a playmate turns out to be very important in helping children learn the ability to regulate their emotions. Fathers who are playful with their kids have children who get very excited, but are able to calm down. They have a much better relationship with other children - it's true of daughters as well as sons."

Professor Gottman's book by no means cheerleads for men in marriage. His research has not surprisingly identified the seismic rift in many marriages as being the inability of many men to communicate their feelings and emotions to women in an acceptable form, leading to dissatisfaction among women. Great frustration is also felt at male failure to engage with female complaints, by stonewalling and defensiveness.

Men and women, he concludes, are each prisoners of an evolutionary heritage ill-suited to successful modern marriage. "For men," says the professor, "the problem is our role of keeping vigilant, making sure everyone is safe. That is in some ways now a liability. It explains why after a marital conflict men are much more likely to be rehearsing thoughts that maintain distress. They are maintaining vigilance until they get a chance to retaliate." And it is just such vindictiveness that poisons relationships.

Are there any other virtues in the male model of friendship? "One way in which men are

### HOW TO ARGUE WITHOUT RUINING YOUR MARRIAGE

1. The magic 5 to 1 ratio: make sure there is five times as much positive feeling and interaction between you and your partner as there is negative
2. Remove blame from your comments
3. Say how you feel
4. Listen to your partner
5. Don't criticise or try to analyse your partner's personality
6. Don't insult, mock or use sarcasm
7. Be direct and stick with one situation, rather than dragging up the past
8. Learn how to calm yourself when floods of emotion block communication. Discuss how you can take a break
9. Try to think of your partner's good qualities - praise and admire them
10. Look at these principles again and again. It takes a long time to learn new habits.

on the ball field, arguing endlessly over the rules - but they just don't seem to attach the same importance that girls do to their arguments. In the most intense debates during boys' games, the final word is always to 'play it over'. The goal is to literally 'keep the ball in play', to not let the emotions rule."

But there is also a physiological factor behind male inclination to withdraw in instances of marital rows. Men find it very hard to relax again once their heart rates reach a

because they are taking care of their bodies. Women are very bad at knowing when they need a break." This explains why some women will stay in a relationship that is really harmful to them.

This then is one lesson that women can learn from men - that sometimes it is important to take time out when arguing, rather than pursue the matter relentlessly.

Are there any other virtues in the male model of friendship? "One way in which men are



### BELOVED AND BONK Diary of a divorce

It's taken a long time but the horrible penny has finally dropped in the slot and the little notice has popped up in my brain: Beloved is not coming back. Not never no how. Even if I promise never to say f\*\*\* in front of the children again, or never to let anyone believe I actually finished my PhD or praise the *Daily Telegraph's* foreign news when I've never read it. No amount of bargaining with any unseen power is going to make any difference.

And it's beginning to feel OK. I have whole days now when Beloved and Bonk just slip my mind like a shopping list left in a coat pocket. Things are becoming normal again and I'm getting ridiculous amounts of pleasure out of it: the other evening I did the ironing in front of the telly with the remote on the ironing board so I could flip from fluff to fluff. It was the first time I'd watched TV since Beloved left. No thirteenth century peasant, straight off the time machine, could have derived more pleasure from it. The colours! The moving pictures! Wow!

Even taking the kids to school in the morning is a delight, now that I don't have to grit my teeth so as not to do involuntary banshee impersonations during our five mile trip. I feel released and relieved to such an extent that I operate a 15-minute disco and karaoke session. Once we're out of earshot of the parents whose kids I take to school with mine, in goes the tape and up goes the volume.

We're working in the four part harmony of Eternal Flame, knowing all the words to Counting Crows "Service of the Queen" and finding a way to do a reel to the "Wallbash Cannonball" while still wearing seat belts. Tootling down the lanes with the holly reflecting blue sky, the beach the colour of tangerine peel in the bedgowns and a back seat full of boogieing eight year olds is really living.

Joining in village social life is possible again too. For the first few months any event I went to I felt conspicuously single, like the grim reaper turning up at a wedding reception (he'd be kind of in-keeping at the church ... you know sitting in a pew at the back). But people have short memories when it comes to other folks lives, and Beloved is already fading in the communal psyche. Nobody even notices my singleness anymore.

On Saturday night I went to our village charity review in the Memorial Hall. An unplanned outing on my own: would I be left standing at the back like a bad smell? Not now - the place was packed with people I knew. I giggled, flirted and nattered my way to a seat next to some mates. Then I spent two hours screaming with laughter at the bagpipes that turned into a giant inflatable pig, the attempt at the world record unicycle jump, and various spoof versions of TV programmes and films, adjusted for a community where most people have to do something with a large domestic animal for a living. We had *Ready Steady Cook*, *Grease* and the *Full Monty* crossed with sillage, dairy farming and the sexual opportunities offered by round hales. The sketches were punctuated with shy kids and game pensioners reading humorous poems that you couldn't always hear. It was packed with in jokes that no one outside the village would understand. And it was wonderful.

Now that I've stopped staring at my boots and weeping all the time I can look up and see why it is I live here. It's the little details: seeing deer on the way to the supermarket. All the kids in the playground waving when I drive past; knowing my neighbours' dogs' names, personalities and recent adventures; stopping the car in the middle of the lane to talk to a friend with our windows wound down. This is the stuff that makes you belong somewhere and it's sort of about feeling that you are a character in an on going soap.

I was always an *Emmerdale* girl, but try as he might Beloved always belonged to *EastEnders*. We're just both back in character.

Stevie Morgan

Acker

## Worried about being a good parent? Relax, it's out of your hands

**What makes children turn out like they do: is it genes, parents, sibling rivalry? The latest research suggests that none of these hold the key. So what does? Jerome Burne reports.**

To smack or not to smack? Is divorce harmful? Should mothers work? Don't worry about it. It may not matter, because however dedicated (or otherwise) your parenting is, it doesn't have much influence on shaping children's personalities.

"If you took all the children from a group who went to school together," she says, "and switched their parents round, their adult personality would develop in just the same way - provided they stayed in the same school, lived in the same neighbourhood and remained part of the same cultural or subcultural group. The parent's influence is minimal."

Hmm, she says, is just one of several environments in which children have to learn how to behave. You can affect be-

haviour in the home, but that doesn't necessarily affect it in other situations. Plenty of children are difficult at home and helpful at school. "This makes evolutionary sense," says Harris. "The parental home is not where children are likely to spend their future. They are already genetically similar to their parents. Adopting all their habits as well would give them much less flexibility for adapting to changing conditions in the outside world."

Harris is far from a lone voice. Her book *The Nurture Assumption*, due to be published in the US next year, is based on an article in the *Psychological Review*, and won an award from the American Psychological Society.

"Psychologists often marvel that children turn out all right," she remarks, "despite great differences in the way parents treat them." Her theory is an attempt to explain why.

Over the last decade the idea that genetics influences behaviour has moved from being unmentionable in polite scientific circles to virtually a truism - violence, homosexuality and alcoholism are all recent candidates.

Take eating, for instance. What could be more obvious than the fact that children in a family where both parents over-eat and comfort themselves with food, will do the same? But no. Adopted children, who don't share the over-eating parents' genes, don't copy their behaviour.

The same goes for television watching. Adopted children in a house which goes in for heavy TV viewing won't also sit glued to the box, unless TV watching is something their biological parents also like to do.

But even most radical geneticists aren't claiming that we're pre-programmed. It's obvious that genes and environment work together. But how, then, do we explain how children from the same household can turn out so differently? The most imaginative attempt at an answer comes from Professor Plomin, of the Institute of Psychiatry in South London, with his theory of non-shared environments. If the effect of the family as a whole isn't the answer, he says, then maybe the crucial influence comes from the micro-environment that is unique to each child - that illness, that special teacher. Or the position in the family -

birth order. But literally thousands of studies haven't thrown up any evidence of clear patterns.

This is what triggered Harris's research and her theory of Group Socialisation (GS). "What I've found is that the lasting influence on children comes from the one group which is found with little variation in every society - the children's play group," she says.

Humans are essentially social animals: millions of years of evolution have designed us to be exquisitely responsive to the group. We know that groups instill a strong drive to conform. But the effect goes much deeper than being seen in the correct T-shirt.

A crucial piece of evidence suggesting that the children's group has a greater effect than the home comes from the study of language. One of Harris's supporters is the leading linguistics researcher Steven Pinker, author of the best-selling *The Language Instinct*.

"Research in my area throws up two strong bits of evidence in her favour," he says. "First, that children of immigrants pick up the accent of their peers - not their

parents, not their teacher, not television announcers. Secondly, children in a group will quickly develop their own language, if they don't start out with one."

If the simple nurture idea were right, you would expect parents to have a crucial effect on sex roles. But Professor John Archer, of the University of Central Lancashire, another Harris supporter, has found that they do not.

"Parents have tried for the last 20 years to raise boys and girls in much the same way," he points out. "Yet, as every school and every parent knows, boys and girls automatically split themselves into single sex groups from an early age." Then, once in the groups, they develop quite distinct patterns of behaviour, and it's these, rather than those of the parent, that children pick up.

An obvious line of criticism is to point out that there is absolutely nothing new in claiming that peer pressure influences the way children behave. However what is new about GS theory is that it says that the long-term influence of children's groups is far greater than that of the home, and that it starts much earlier than is gen-

erally recognised. It also makes a number of new and testable predictions about how it works.

For instance, take the findings that when parents divorce the children's behaviour often deteriorates. To begin with, the children have probably inherited the conflict-prone personalities of the parents - divorce runs in families - but, more to the point, divorce messes up their position in the group. "Many of them move house, which means they lose their place in the local hierarchy and have to work to be accepted into a new group," says Harris. "They may well move to a poorer neighbourhood, and so have to deal with a group with different norms. The result is problem behaviour."

So does it matter how parents behave towards their children? Are regular cuddles really no more influential than cool indifference?

"Well, if you are cruel or indifferent it won't ruin your child's personality," says Harris, "but it can certainly ruin your relationship with him or her. If you want your kids to like you when they are grown up, you'd better be nice to them now."







## To some, Mr Blunkett, it may now seem an exclusion zone



EDITOR: ANDREW MARR  
DEPUTY EDITOR: COLIN HUGHES  
ADDRESS: 1 CANADA SQUARE,  
CANARY WHARF  
LONDON E14 5DL  
TELEPHONE: 0171 293 3000  
OR 0171 345 2000  
FAX: 0171 293 2435  
OR 0171 345 2435

Applications to universities for entry in 1998 look as if they are down 10 per cent on this year. It is hardly a dramatic fall, but the numbers are striking because we have become used to the idea of higher education as a growth industry. And that is what it should be. Thanks - let us not forget - to Tory-engineered expansion, mass higher education is with us. University growth, even in the low-cost version provided by the former polytechnics, is a potent sign that society is improving and individuals are bettering themselves. The objective case for studying beyond 18 remains as strong as ever. A university degree does not just earn its holder more money; acquiring one brings with it a liberal, more tolerant outlook on life. Evidence of backsliding is thus disturbing and unwelcome.

If we give David Blunkett the benefit of the doubt, the obvious reason for the drop - the introduction of tuition fees and the abolition of grants - look less than convincing. Students from poor backgrounds

are exempt from paying the tuition fee being introduced next autumn; many others will not have to pay the stipulated £1,000 contribution. Grants for living expenses were on their way out under Tory plans; all Labour has done is accelerate the process, while providing universal access to low-interest loans. Students will enter employment with a debt burden, true, but it will be only a fraction of the mortgage debt with which young people happily saddle themselves. The debt will moreover be repayable on generous terms, and apply only to those actually earning.

All in all, Mr Blunkett might say, this reform represents a long overdue rebalancing of the interests of state, society and individuals in the benefits of higher education. And, by the way, parents do well out of the new deal, because they are no longer expected to make a contribution to their offspring's living expenses.

But Mr Blunkett has a problem in that 17- and 18-year-olds are not giving him the benefit of the doubt. The Government, for

all its vaunted ability to spin golden messages favourable to its cause, seems to have lost its touch in higher education. For political reasons, it was decided in the summer to get the political pain over quickly and announce, hard on the heels of the Dearing report, that the dispensation would apply at once to those intending to enter university in 1998, who would be applying this autumn. There was nothing wrong with moving with speed, providing the Government was prepared to make the effort to keep parents, professors, teachers and pupils/students well-informed.

But the handling was cack-handed then, and continues to be so now. The first indication of incompetence was that the department forgot about students who would be deferring their applications in order to spend a "gap year" between school and university. The second was that Baroness Blackstone tried to pretend it didn't matter. Then the Government allowed the National Union of Students to start winning the propaganda war,

spreading alarm among prospective students. Ministers have been too defensive, unable to reach out, assuage fears and explain.

For students to make a rational calculation that their best interests lie in getting a job rather than undertaking further study is one thing - a tempting decision in those areas where unemployment continues to fall, temporarily at least. It is another for potential students to shy away from an enriching experience on the basis of unwarranted fears. But what if the fall in enrolments shows that students on the margins, notably those from ethnic-minority homes and working-class young women, do genuinely believe the changed arrangements for grants tips the balance for them? Mr Blunkett has some explaining to do if the abolition of grants in 1999 is acting as a disincentive, especially since that was predicted in Sir Ron Dearing's report. It remains anomalous that tuition fees are means-tested while rules for maintenance loans apply uniformly to

students from rich and poor homes.

It is, of course, still only December. Some would-be students are holding their fire. Some universities are going to be hit hard by the applications shortfall - their finances depend heavily on student numbers - and will be scrambling to attract enrolments. The enrolments season, supposed to end in a fortnight, will last until Easter at least. It is thus too soon to pronounce definitively on the implications of the numbers. But is not too soon for Mr Blunkett and his colleagues to give serious thought to the subject of social exclusion, and to find and publicise ways in which, sticking with the principles of their reform, access to higher education for students from less well-off homes might be maintained. We need not only to improve our ability to pay for higher education, but also to continue increasing the numbers taking part. Both are possible, but only if the Government carries students enthusiastically along, however rich or poor their parents.

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## LETTERS

### Museum charges

Sir: Any government that tolerates *de facto*, through the erosion of museum funding (leading article, 1 December), the imposition of entry charges, should be aware that it invites direct comparison with its 18th and 19th-century predecessors. It proposes to rewrite the will of those idealistic and public-spirited earlier generations, expressed in the principle of free public access, in the name of our present society that prides itself on its more democratic principles.

The high reputation of British art internationally follows a period of over 200 years of free admission to some of the world's greatest collections - not for leisure or recreation but for real study, often of individual works, in concentrated short visits.

All artists can testify passionately to the importance of these encounters. They give contemporary visual culture here a particular and subtle aesthetic awareness. How could any government, without shame, allow this inheritance to be lost?

CHRISTOPHER LE BRUN;  
RICHARD DEACON; RITA DONAGH; ANTONY GORMLEY; MAGGI HAMBLING; RICHARD HAMILTON; PATRICK HERON; DAVID HOCKNEY; ALLEN JONES; ANISH KAPOOR; R B KITAI;  
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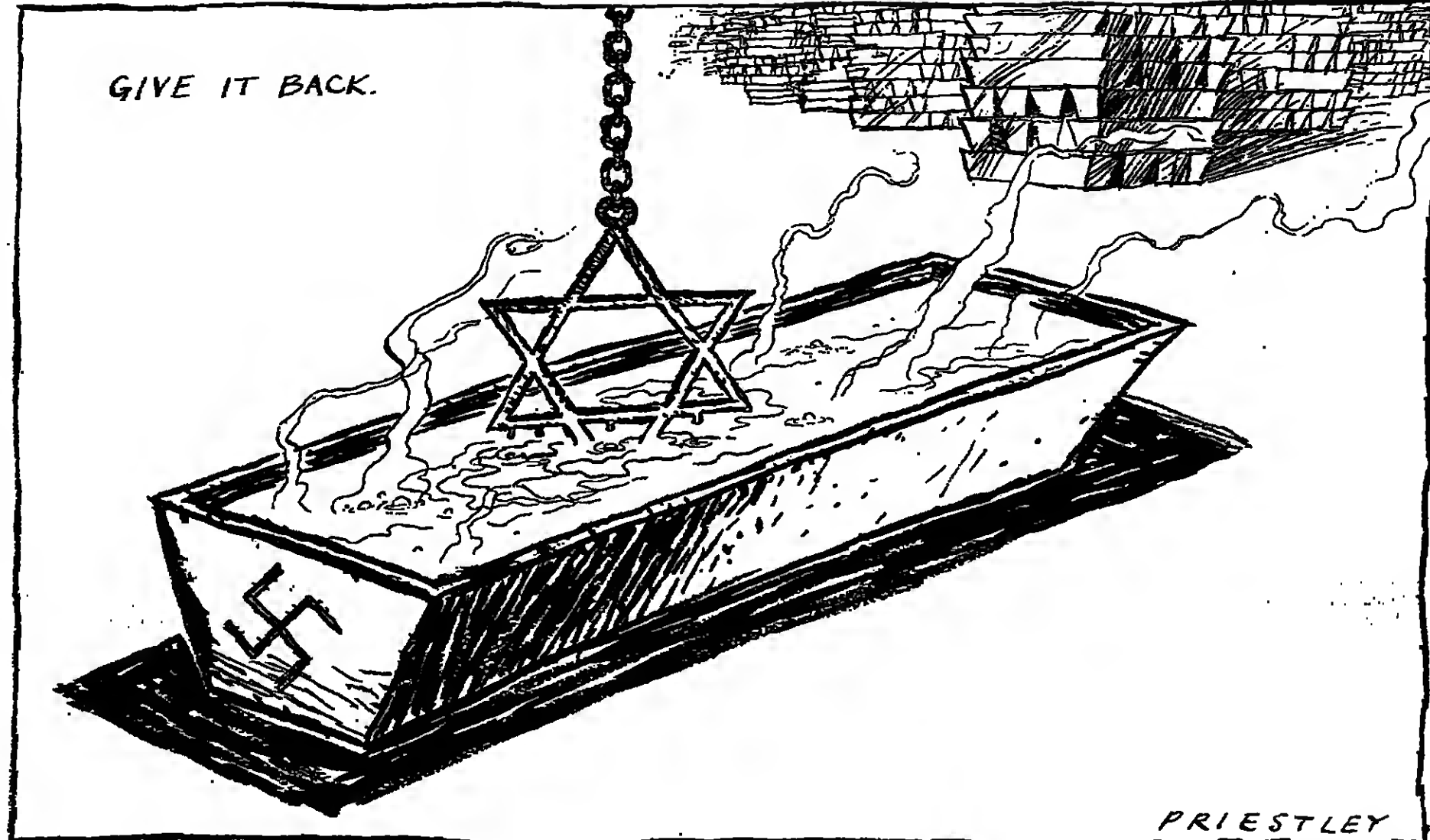
### Immigration

Sir: The coverage of the influx of Roman refugees has highlighted the suspicious tenor of the British response to claims of asylum. Implicit in the negative tone of the national debate on immigration is an extremely primitive view of the economic effects of any population movement into this country. It is assumed that migrants are parasites; that they are, in fact, thieves who have roamed in order to "steal our benefits". These myths should be dissected and examined critically.

It is true that in areas where immigrants are initially concentrated, housing and welfare resources can be strained. However, such expenditures should be regarded as an investment. Immigrant communities tend to be relatively young; the more mobile are usually the better educated; and the dynamic psychology of building a new life contributes towards entrepreneurialism and a stronger work-ethic. I do not claim that these generalisations are invariable, merely that they are true often enough to make immigration a net contributor to economic growth.

Setting aside the question of our duty towards the persecuted, the time has come for a coherent national policy to be formulated on economic immigration. We face structural problems of an ageing population, skill shortages and the stagnation of certain regions. A properly worked out quota strategy would go a long way in helping to ameliorate some of these (and other) problems. A Royal Commission on Immigration would be an appropriate first step.

JOE BORD  
Balliol College, Oxford



Sir: It may be laudable to prosecute agents who abet and often abuse illegal immigrants ("Gangs move into people smuggling", 27 November). But genuine asylum seekers also use, and sometimes require, the services of agents, who may provide the only way for the asylum seeker to flee to safety.

This is a problem caused in part by the UK government. During the last several years the Government has enforced carrier liability fines against airlines and more recently ferry companies for transporting undocumented asylum seekers and economic migrants here; it has imposed visa restrictions, making it more difficult for asylum seekers to travel legally to the UK; and it has detained thousands of asylum seekers who arrive here with false travel documents. An agent, no matter how unsavoury, may be the only option available under these measures created by the Home Office to deter asylum seekers.

We should also remember that had not illegal agents and false documents existed prior to and during the Second World War, today's Jewish diaspora would hardly exist. SHERMAN CARROLL, Director of Public Affairs Medical Foundation for the Care of Victims of Torture London NW3

Sir: Guy Carless (letter, 26 November) and the Rev Peter Hawkins (letter, 27 November) are both wrong. The "US" couple who have moved to Colchester are in fact a German citizen and his American wife. As an EU citizen, he has every right to settle in Colchester with his family, just as we could settle in, say, Bochum, in Germany.

For the record, the single largest group of would-be immigrants/visitors who are declined entry at Heathrow airport are US citizens. ROBIN BHALLA  
London NW2

Sir: You report (2 December) that a public inquiry is to be constituted into the BSE crisis. Apparently "a senior figure will be appointed to head the inquiry and it is likely to have similar powers as the Scott Inquiry into the arms to Iraq affair".

As solicitor representing the families who have lost members to new variant CJD, may I suggest the following potential shortcomings in the planned inquiry?

1. The inquiry needs to be headed by a senior judge. The task of reviewing the documentation from a sceptical viewpoint must fall to someone whose experience of objective enquiry will not be in doubt. A senior civil servant or political figure would not necessarily satisfy this need.

2. The Scott Inquiry was constituted on an *ad hoc* basis without powers of subpoena of either people or documents. The BSE inquiry should be constituted under the terms of the

### BSE inquiry

Tribunals of Inquiry (Evidence) Act 1921 so as to confer those powers, particularly since there is likely to be a need to seek discovery of some papers from non-governmental sources. The Scott Inquiry was delayed at least in part because it had to rely upon the agreement of government departments to disclose papers thought to be material.

3. The Scott Inquiry did not take evidence on oath; as a consequence a great deal of time was taken in allowing those who had given evidence to review what had been said before the inquiry reached its final conclusions. The BSE inquiry will need to review evidence from many people, some of whom, by virtue of their employment, will not wish to volunteer to give evidence, but whose contribution nevertheless will be critical to a proper understanding of the way in which BSE arose and the way it was dealt with. The 1921 Act provides for the taking of evi-

dence on oath in the same way that evidence in contested litigation would be taken on oath. The Royal Commission on Tribunals of Inquiry in 1966 argued that the inquisitorial machinery in the 1921 Act be confined to matters of vital public importance concerning which there was something in the nature of a nationwide crisis of confidence. The BSE crisis most surely satisfy this criterion.

D B BODY  
Irwin Mitchell Solicitors  
Sheffield

### Lenin: late but great

Sir: You report that "seventy years ago this month, Lenin banned commercial advertising" (report, 28 November). Not bad for a chap who had been dead three and a half years. It is a pity New Labour cannot muster the same vigour when dealing with tobacco advertising. R MARSDEN  
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### Urban millennium

Sir: The debate raging between the Tongan government, Millennium Adventure Company and the Republic of Kiribati is a lot of hot air about nothing (report, 28 November; letter, 1 December) - who cares which lump of desolate rock sees the first millennium sunrise?

The dawn of the new millennium is a celebration of humanity and citizenship of the world community. Surely attention should be focused on the first substantial group of people to experience day one of the new millennium, Gisborne in New Zealand has been officially designated, by the Meridian Society, the first city to experience the millennium dawn - there can be no quibbles about this. PAUL JARMAN  
Hove, East Sussex

Sir: So South Sea islands are fighting for first place in the millennial dawn. Anyone really wanting to be the first to see the sun that day should of course head for Antarctica, where it will be shining over most of the continent at midnight. LIONEL PRICE  
St Albans, Hertfordshire

### Principled licking

Sir: British postage stamps and most envelopes are gummed with adhesives of plant origin; therefore licking them does not conflict with the principles of religious and vegetarian communities (letter, 29 November).

The assurances don't extend to materials used in the preparation and printing of the stamp. We continue research into likely alternatives from the plant world to replace sizes and gelling agents derived from milk, eggs, and products from renderers and fellmongers. ALAN LONG  
Vegetarian Economy and Green Alliance  
Greenford, Middlessex

Sir: Independent readers will be hungry to know that stamp glue is not made from animals. The glue is actually made from polyvinyl alcohol. GILES FINNEMORE  
Stamps Advertising Manager  
Royal Mail  
London EC2

another pr

## What have we here? An unmissable opportunity to join the Millennium Hall of Infamy



MILES KINGDON

As far as fame goes, I am happy to have remained in the shallow end of public recognition, down among the paddlers and the non-swimmers, where the worst that can happen to you is to get occasional letters from charities who are putting fund-raising books together ("We would be tremendously grateful if you could let us know your favourite recipe/dream/travel story/childhood memory. We have already had contributions from Jeffrey Archer/Edwina Currie/Gyles Brandreth ...").

Which is why I was slightly startled to receive a letter this week which began thus:

"Dear Mr Kingdon, it is indeed a great pleasure to enclose your invitation to be a distin-

guished biographee of the MILLENNIUM HALL OF FAME which will showcase the lives of men and women who have made this century great. The volume will be published in mid-1998. The Governing Board of Editors has nominated several hundred individuals from its vast International Who's Who archives to be featured in this history-making event. Congratulations on your nomination."

As you can imagine, my cheeks went a gentle humping pink and my eyes stole shyly to the top of the letter to see who could possibly be such a misjudging of character. It was the dear old American Biographical Institute.

No, I don't know, either. But

apparently they have been publishing biographical reference works since 1967, and they live in Raleigh, North Carolina, and they think so highly of their forthcoming book (THE MILLENNIUM HALL OF FAME) that they would like me to have a copy.

Well, to buy a copy. "As a nominee for the MILLENNIUM HALL OF FAME you have the option of reserving a copy of the volume for your own personal library. Your biography will be compiled by our Senior Editor who will mail you a proof of your life's story prior to the publication's release ... It is certain to be one of the most sought-after reference works of the past one hundred years."

And that is not all.

"Biographees are also eligible for the MILLENNIUM Statue appropriately honoring those invited to be a part of posterity. A beautiful HALL OF FAME TESTIMONIAL PLAQUE is available as well. I have put together a special package option of all three items at a reduced cost than when ordered separately."

Gliding swiftly over the doubtful grammar of that last sentence, I turn to the special package option, a green leaflet illustrating the Hall of Fame Statue - which looks exactly like a gravestone with one's name on - and giving me more details of the book, or rather of ... this everlasting, interesting and motivating volume on global

bookselves ... in which you can document the legacy of your accomplishments - at least one page, if not more, will be dedicated to you and your portrait as well as your philosophies."

The letter ends, before giving details of payment, "I would like to thank you, on behalf of the Institute, for your many contributions to humankind," which convinces me, if I didn't know it before, that they have got the wrong man. But I can also feel a thank you letter forming in my mind. It goes something like this,

"Dear ABI, Tempted though I am to order your Statue at only US\$375, or indeed the Hall of Fame volume itself, which I note is also

US\$375, I feel you should know that the philosophies which I have evolved during this great century would not make me feel worthy of inclusion in the MILLENNIUM HALL OF FAME."

"First, I note that you intend to include only living people, and thus to exclude such great figures as Einstein, Lenin and Stéphane Grappelli. Why invite me, and not them? Could it be that I am alive, and thus able to send you money, while more famous people, no matter how revered their achievements, are dead and thus unable to make you richer?"

"Secondly, I feel it is unwise for me to put money in the hands of people who habitually use the words 'biographee', 'inductee' and 'honoree'.

"Thirdly, I do not wish to join posterity until I am dead."

"Fourthly, I do not wish my biography to be written by your Senior Editor. I want it to be written either by Michael Holroyd or, failing that, by The Independent's Obituary Department."

"Fifthly, the only decent portrait I have of myself, I sent about two years ago to a glossy magazine which wanted a black and white mugshot to go with an article, and they haven't sent it back yet."

"If this response disappoints you, may I suggest that you get in touch instead with Jeffrey Archer, Edwina Currie and Gyles Brandreth? I enclose their addresses."

Yours sincerely ...



# Religion in the Middle East: the fundamental problem

ROBERT  
FISK  
THE ROCK  
OF BELIEF

After the recent tourist massacre at Luxor, the Western press blamed the usual suspects. "Islamic madness," *Paris Match* called the killings, without putting inverted commas around the word "Islamic", while going on to describe the murderers as "Allah's lunatics". Not long ago, it was *Time* magazine whose cover story on the New York bombings was headlined "Islamic terror" - as if one of the world's great religions specifically sanctioned attacks on the World Trade Centre.

When a Jewish settler - an officer in the Israeli army reserve called Baruch Goldstein - burst into a Hebron mosque in 1994 and massacred 29 Muslims there were no headlines about "Jewish madness". Goldstein, presented by his friends as a homely Jewish doctor who had become enraged by Arab "terror", was referred to as "deranged" and a "fanatic". At no point was his religion connected to his act. Similarly the Christian Phalangists who slaughtered up to 2,000 Palestinian civilians - most of them Muslims - in the Sabra and Chatila camps in Beirut in 1982. This particular bloodbath was not called "Christian madness", nor were its perpetrators described as "Christ's lunatics" - even though many had pictures of the Virgin Mary taped to their gun-buts. No, the 1982 massacre was portrayed as Arabs killing Arabs, or - in the infamous words of Israeli prime minister Menachem Begin, whose Israeli soldiers had surrounded the camps and were watching the killings - "goyim killing goyim".

There's a double standard at work here, of course. But also a desire to avoid confronting a very frightening phenomenon, one that we desperately hope - and, if we have faith in any god, pray - is not true: that the bloodshed visited upon the innocent in the Middle East may not be the result of religion used as a cynical tool for a political aim, but may spring instead from the religion itself. What we do not want to think about in the region - what we cannot accept - is that the three great eastern religions of Islam, Christianity and Judaism may themselves bear some responsibility for the atrocities committed in their name.

It is an odd and disturbing fact that adherents of these faiths often seem more liberal

the further they are from their holiest cities of Jerusalem and Mecca. The English vicar, the liberal rabbi in London, the Muslim sheikh in Birmingham are folk we enjoy meeting. But the moment we encounter the Christian right-wing pilgrims to Jerusalem, the Jewish supporters of Eretz Israel in the West Bank, or the Saudi religious police in Mecca with their absolute belief in Islamic *sharia* law (obligingly passed on to their chums in the Taliban in Afghanistan), the less attractive these religions become.

I noticed this in Beirut back in 1990 when Lebanon's Christian rebel general Michel Aoun had launched a hopeless "war of liberation" against the Syrians. The Pope began praying for the Maronite Catholics of Lebanon and Cardinal John O'Connor of New York arrived to offer his condolences to the Maronites - but not to the Muslim families who had suffered under Aoun's shellfire. Aoun - now exiled in Paris - was a messianic figure who banned opposition newspapers from his area of Beirut and ordered the midnight arrest of army officers; but around the doors of his bunker above Beirut there fluttered many a cape of Vatican purple.

Of course, every religion has its real eccentrics. One of my favourites is Father Neil Horan of London, a priest who regularly writes to me to explain why his reading of the Bible has convinced him that a nuclear world war will start over the possession of Jerusalem - a "war of Armageddon, the war to end all wars" - during which Jesus will return to earth and become chief of staff of the Israeli army. After this, according to a map Mr Horan has sent me, Israel will occupy the entire Gulf (including Saudi Arabia), the Egyptian Sinai, half of Iraq, three quarters of Syria and all of Lebanon.

Mr Horan states that the Jews' claim to Jerusalem is the only valid one and that traditional Muslim beliefs about the Bible are "false and malicious". These ramblings may be harmless enough; less so, however, when the Jews' right to all of Jerusalem is supported by tens of thousands of armed settlers living illegally on occupied Arab land and by members of the Israeli cabinet. And the American Christian right - both feared and respected by US presidential candidates - took a full-page advertisement in the *New York Times* last spring to urge Christian support for Israel's claim to all of Jerusalem, even though such a demand struck a dagger at the heart of the so-called "peace process".

Prominent among the names on that advertisement was Pat Robertson, the US evangelist whose friends used to give financial support to a Christian fundamentalist radio station in southern Lebanon which not only proselytised hopelessly among Shiite Muslims, but carried regular threats against the local Muslim villages of Lebanon.



Religions in conflict: a soldier stands guard on a Jerusalem rooftop. Below, a visitor pays homage at the tomb of Baruch Goldstein

Main photograph: Rick Bowmer/AP

He certainly has opposite numbers in the Muslim faith. For years, the Saudis would pour money into fundamentalist Islamic movements across the Arab world. The Saudis gave money to the Islamic Salvation Front in Algeria (before it was

sheikh of Al Azhar, the ancient Islamic university in Cairo, reproached the Luxor killers of the *Gema'a Islamiyah* (Islamic Group) last week. But he was almost alone in doing so. When last March, another Egyptian Muslim extremist group -

Yet it is not much different to the words of a pamphlet delivered to the door of a Muslim reader of *The Independent* who - quite correctly - handed it at once to the police. It was sent in the name of Kahane Chai (Kahane Lives), named after Meir Kahane, the fanatically racist American rabbi with an arrest record for conspiring to manufacture explosives, who was murdered by an Arab in New York in 1990. The pamphlet promised an Israel that would stretch "from the borders of Russia to the River Nile" and warned the Muslim recipient that if he and his family and other Muslims resisted Israel and refused to make peace on Israel's terms, they would be treated like the victims of the massacre at Qana - when more than a hundred Muslim refugees were slaughtered by Israeli army artillery fire in a UN camp in southern Lebanon last year. "Muslims, your lives are [to] ours like the sheep to the butcher," it said.

One of Meir Kahane's most ferocious supporters was Baruch Goldstein - or "Dr" Baruch Goldstein as I was told to call him by a pro-Israeli *Independent* reader who insisted he could never be defined as a "terrorist" - who killed the 29 Palestinian worshippers in the Hebron mosque. The tomb of this mass-murderer is now a shrine

in the nearest Jewish settlement to Hebron, a place of pilgrimage for thousands of right-wing Israeli Jews.

The climate still exists, of course. In Washington, Muslim murderers remain "terrorists"; Jewish and Christian murderers of the Middle East are not "terrorists". One of the bravest men to raise these double standards is Dr Israel Shabak, author and retired professor of organic chemistry at the Hebrew university in Jerusalem, whose examination of Jewish religious fundamentalism is invaluable. In his new book *Jewish History, Jewish Religion*, he concludes that "there can no longer be any doubt that the most horrifying acts of oppression in the West Bank are motivated by Jewish religious fanaticism." He quotes from an official exhortation to religious Jewish soldiers about Gentiles, published by the Israeli army's Central Region Command in which the chief chaplain writes: "When our forces come across civilians during a war or in hot pursuit or a raid, so long as there is no certainty that those civilians are incapable of harming our forces, then according to the *Halakha* (the legal system of classical Judaism) they may and even should be killed... In no circumstances should an Arab be trusted, even if he makes an impression of being civilised... In war, when our

forces storm the enemy, they are allowed and even enjoined by the *Halakha* to kill even good civilians, that is, civilians who are ostensibly good."

This disgusting advice may not, of course, be heeded. Nor may the frightful appeals of Algerian "Islamic" groups. We can comfort ourselves by concluding that every religion has its extremists, that fundamentalism is an aberration rather than the logical result of any literalist reading of the Middle East's holy books. Is there a problem because there is no New Testament for two of these religions - no message of "turning the other cheek"? Or because there was no renaissance in the Middle East? It would be pleasant to draw some coherent explanation.

Alas, I fear there may not be one. Religion is about ultimate truth and faith. And those who believe in such total truths - to the extinction of other, invalid "truths" - live

near their holy cities. Fundamentalists, after all, help rule Saudi Arabia, Iran, Afghanistan and Sudan - given the make-up of Benjamin Netanyahu's cabinet - Israel as well. The Egyptian government has co-opted fundamentalist preachers. The Christian fundamentalist right in America exerts its baleful influence over the Middle East. And when an Arab scholar last year asked the Pope to apologise for the Crusades - the greatest act of ethnic cleansing and barbarism in the Middle East in a thousand years - he received only silence by way of reply.

Are extremists - the killers and the racists or the eccentrics - mere defects in the world of religion? Or are they an inevitable part of it in the Middle East? I fear the latter. Perhaps it is time we recognised this poison for what it is. For there is nothing so hard as the rock of belief. And nothing so potentially cruel.

## Just another product that doesn't match the packaging

"Annual income £20; annual expenditure £19, 19 shillings and sixpence: result: happiness. Annual income £20; annual expenditure £20 and sixpence: result: misery."

Our present period, with its vigour and its uncertainties, in so many ways is coming to resemble the Victorian age. So Mr Micawber's golden rule above becomes more and more relevant. We have to get people - all people, not just the rich - to save more.

Like then we are in a period of very rapid economic change, with a host of new inventions and services hitting the market, and new businesses springing up to meet new perceived needs. People with professional, business or craft skills are doing very well. On the other hand, job security has largely disappeared, and family structure is under strain - through the reason that marriages don't last now is divorce, rather than the death of a spouse.

This combination of uncertainty and vigour makes it more necessary for people to build up a cushion of savings, and also more possible to do so. If the welfare state cannot be relied up to support people comfortably 20 or 30 years from now - and adverse demography alone would put great pressure on any pay-as-you-go welfare system, however well-designed - at least people's savings are not

whittled away by savage inflation.

The trouble is that though one half of the country is building up a sizeable cushion of savings through pension plans and home ownership as well as all the other incentives introduced in the last 15 years such as Peps and Tessas, the other half is not.

That is the claimed logic behind the new tax-free Individual Savings Accounts, details of which were outlined yesterday by Geoffrey Robinson, the paymaster-general, extend the savings habit to all - to the people who do not even have bank accounts - rather than confine it to the relatively sophisticated people who are currently building up their nest-eggs.

The principle certainly deserves a welcome. The idea of an ISA is modelled on the US Individual Retirement Account - they had to change the initials for obvious reasons - so there is quite a lot of experience around of this sort of plan. This is not really pioneering stuff: it is simply applying good international practice to the UK. The idea of trying to redistribute savings incentives away from the present, relatively sophisticated group of savers, towards the non-savers, also makes sense. If everyone had an ISA as a matter of normal practice, we would be well on the way to one-nation Victorianism, not the two-nation version to which



HAMISH  
MCRAE  
TAX-FREE  
SAVINGS

we are in danger of returning

The problem, as so often seems to happen with this Government, is that when you look at the detail, the product does not match the packaging. The reason is that the new plan, instead of being in addition to existing savings incentives, replaces them. Peps and Tessas have been very successful in extending the savings habit. The Treasury is always twitchy about supposed loss of revenue, and the tax-free status of the soaring balances in Peps has caused it particular concern.

If the Government really wanted to prioritise savings it would do something different. It might, for ex-

ample, keep Peps and Tessas, pegging the amount to be paid in at present levels. Or it would allow a larger amount to be transferred into the ISA. Or it would increase the size of the total funds in an ISA pot to £100,000. Or whatever. Ask the tough question: will this plan increase the total amount of savings in the country? Probably not. In fact it might in the short-run have the opposite effect: the present hand of savers (who lose incentives) may save less, while the new hand (who gain incentives) may take a while to save more.

So what is to be done? I suggest two responses. One is for the Government to listen to the representations of the savings industry. Of course, like any lobby, it will make a case to suit itself. Nevertheless, it does know a lot about savings and the way in which tax incentives are likely to be effective in boosting them. By contrast the Treasury team, with the exception of Mr Robinson, who does know a thing or two about tax-efficient savings schemes (of which more in a moment), are babes in the wood. There is a long and disonourable history of tax incentives not having the desired effect - look at the way money for Business Expansion Schemes did not go into business but into buying new halls of residence for universities.

The second thing is that they

should seek to create a culture of saving. People do want to try and manage their money better. You may recall a couple of weeks ago we ran a series of articles about the attitudes of young people in this country. The most important practical skill listed by young people was "being able to manage money properly". This is not a response of the elite. People with no qualifications and the unemployed were the most likely of all to pick this.

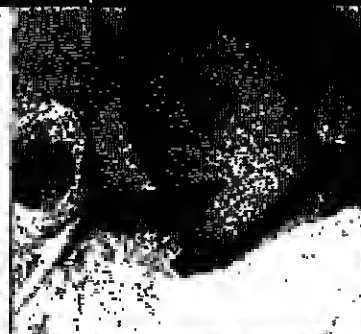
So there is a great base of common sense here on which to build. Saving is the key to money management, for the harsh reality is those least able to afford to borrow are those who are charged the most. I suspect that if some small portion of the money that goes in savings incentives were deployed into education in basic financial management, the effect on the country would be enormous. There would be far fewer Mr Micawbers in the future.

As for the people who resent losing their Peps and Tessas, I have a further suggestion. To replace their PEPs, people should start PGPs. This stands for Paymaster-General Plans, which involve setting up offshore trusts in Guernsey. These have the full approval of the Cabinet... and I'm sure Mr Robinson would be only too delighted to tell you how it was done for him.

## Bulgaria in Crisis

Appeal to Independent Readers

**LEFT TO FREEZE**  
Yordan, 14, already malnourished could die from cold and hunger this winter unless aid reaches him now. With temperatures plummeting to -15°C Yordan's scant clothing and no shoes offer him little protection from the bitter cold and there is no money to heat his orphanage. There are 17,000 places in Bulgaria's orphanages.



### No Money To Feed The Children No Money To Heat The Orphanages

Bulgaria is a country in the midst of a serious economic crisis. Unless urgent help is sent, thousands of children will suffer terribly this winter.

There is little money to heat the orphanages. Orphanage Directors are having to beg for food from local villages and rarely know where the next meal is coming from. In some areas children, like Yordan, are going hungry and the cold could prove fatal for many children this winter. Without aid this could be catastrophic for Bulgaria's orphanage children.

The European Children's Trust, sister charity of The Romanian Orphanage Trust, is ready to distribute emergency food packs, clothes and fuel to the orphanages in most need.

Your gift today will save lives and bring hope.

£28 could buy enough emergency food packs to feed 20 orphanage children for a week or heat an orphanage for 3 days.

Please send whatever you can to help children survive the winter or call 01273 299399 NOW

I enclose £\_\_\_\_\_ to save Bulgarian orphanage children. Cheques to The European Children's Trust. Or debit my Access/Visa/CAF card

Card no. \_\_\_\_\_ Expiry date \_\_\_\_\_

Signature \_\_\_\_\_ Date \_\_\_\_\_

Mr/Ms/Miss/Ms \_\_\_\_\_

Address \_\_\_\_\_

Postcode \_\_\_\_\_

Telephone no. \_\_\_\_\_

Return to: Tanya Barron, (0181) Bulgaria Emergency Appeal, The European Children's Trust, FREEPOST

KE3359, 64e Queens Street, LONDON, EC4B 4AR or call

01273 299399 NOW. Registered Charity No. 1048737

Please act NOW - winter is coming



## NatWest chiefs under pressure as sale of investment banking arm leaves £637m hole

The position of NatWest's top management looked increasingly precarious last night after it emerged that the sale of large parts of NatWest Markets would leave a £637m hole in the accounts this year. *Lea Paterson examines the group's failure to become a main force in investment banking.*

National Westminster Bank is to split the equities business of NatWest Markets, its investment banking arm, between Frankfurt-based Deutsche Morgan Grenfell (DMG) and the US Bankers' Trust in a £179m deal.

The deal, which will leave NatWest nursing more than £600m in trading losses, provisions and other charges, dismayed the City and led to renewed doubts about the future of its chairman Lord Alexander and chief executive Derek Wanless.

Mr Wanless said: "We have been unsuccessful in developing this business and have therefore taken the very tough decision to effect an orderly exit as being in the best interests of shareholders and NatWest as a whole."

DMG, the investment banking arm of Germany's Deutsche Bank, is to buy NatWest's Asian and US equity derivatives business for £50m. Bankers' Trust, which snapped up NatWest's European cash equities for £129m, NatWest is to retain "a proportion of its UK equity derivatives book", which will be wound down. "It's the bit that neither Bankers' nor DMG wanted," commented one insider.

Both DMG and Bankers'



Derek Wanless, chief executive of NatWest: "We have taken the very tough decision to effect an orderly exit in the best interests of shareholders"

got a good deal, according to City analysts, who had previously put a price tag of between £300m and £400m on the two sets of businesses. One commented: "One had hoped NatWest might have done rather better with this sale."

Despite City criticism, Mr Wanless said he was pleased with the sale. He said: "The fact that we have achieved more than net asset value is good. We are satisfied with the price." NatWest achieved a surplus of £55m over net asset value for the businesses, but analysts pointed out that this was before a goodwill adjustment of £65m. One commented: "There is a

lot of accounting flexibility in these things". Last month, Barclays sold parts of BZW, its investment banking arm, for £50m less than book value. NatWest expects its investment banking activities to lose £637m in the year to December. It was revealed yesterday, NatWest Markets is predicted to make an operating loss of £210m, and NatWest is also set to take a £270m restructuring charge. In addition, the group has made a £77m provision for options mispricing discovered last March and an £80 post-Budget adjustment to finance lease receivables. John Leonard,

banking analyst at Salomon Brothers said: "The disappointing element [of the announcement] is the large loss and the size of restructuring charge". Mr Wanless attributed the poor performance of NatWest Markets to two factors, its high cost base and the uncertainty surrounding the future of investment banking at NatWest. He emphasised that the losses did not, in the main, stem from positions taken by NatWest's traders. But Chip Kruger, chief executive of NatWest Markets admitted: "That is not to say that individual traders didn't lose money in October and November."

The City was highly critical yesterday of the way in which NatWest Markets has been managed in recent months. One analyst called NatWest's failure to set out a clear investment banking strategy "a major disaster". Another said that it raised questions over the future of both Mr Wanless and Lord Alexander. NatWest's chairman, Lord Alexander, said he would not be surprised to see them go, but management tend to cling on as long as they can in these situations. Mr Wanless yesterday said he was "committed" to the remainder of the businesses within NatWest Markets. But

## Beckett to approve £3.7bn Energy bid with dividend curbs

The Government is set to impose curbs on the £3.7bn takeover of the Energy Group by the US utility PacifiCorp that would control the level of dividends it could take from its regional electricity company Eastern. *Michael Harrison reports on a move which could have wide ramifications for the electricity sector.*

Margaret Beckett, President of the Board of Trade, is expected to approve the deal on condition that extra safeguards are built into the regulatory regime to prevent PacifiCorp from raiding Eastern's finances.

The conditions being planned by the Department of Trade and Industry would give the Secretary of State direct powers to intervene if it was felt that the dividends being paid out from Eastern to the parent company were excessive or threatened its ability to finance its operations.

Mrs Beckett received the report of the Monopolies and Mergers Commission into the takeover 11 days ago and is expected to publish its findings along with her decision early in the new year.

She referred the bid to the MMC in August because of concerns over whether it would be possible to maintain "adequate regulatory control" over the merged company.

The decision was taken against the advice of both the electricity regulator, Professor Stephen Littlechild, and the Director General of Fair Trading, John Bridgeman.

The verdict of PacifiCorp/Energy Group is being eagerly awaited because seven other regional

electricity companies (RECs) are already owned by US utilities while three others are part of larger UK-based and run utility groups. Any tightening of the regulatory regime which is applied to Eastern may also have to be extended to cover the other RECs, which are now part of larger groups.

The Government is thought to have been concerned about the level of dividends PacifiCorp might seek to extract from Eastern because of the highly-leveraged nature of its bid. The take-over would create a group with debts of nearly \$10bn, financed partly through junk bonds. Even after planned asset sales to help finance the bid, the combined business would still have debts of \$12bn and conventional gearing of 300 per cent.

The electricity regulator Ofwat has general powers, enforced through licence amendments, to ensure that RECs which are owned by larger parent companies have sufficient resources to fund their regulated activities adequately.

Licence modifications have been introduced to ring-fence the regulated businesses to ensure they can finance their authorised activities and satisfy all reasonable demand for electricity. Each year they have to submit a report to Ofwat demonstrating their ability to fund the regulated businesses for the year ahead.

But there has been concern in government circles about the level of dividends being removed from some of the RECs by their American parents. Earlier this year it emerged that SWEB, the first of the RECs to be acquired by a US utility, had paid out £472m in dividends to its parent, the Southern Company of Atlanta Georgia, on profits of £237m in the year to March, 1996.

## Stagecoach warns it will fight changes to leasing contracts

Rail and bus group Stagecoach was on a collision course with the Government last night after warning that it would resort to law if regulations were imposed to curb the profits from its rolling stock company, Porterbrook. *Michael Harrison reports.*

Brian Souter, the chairman of Stagecoach, served notice that any attempt to alter the leasing contracts Porterbrook has with the train operating companies would be resisted through the courts.

The warning follows confirmation that ministers may extend the regulatory regime governing the privatised rail industry to include the three rolling stock companies.

The businesses were sold off two years ago with guaranteed leasing contracts worth more than £2bn and have since proved a goldmine. Stagecoach, which paid £825m to acquire Porterbrook, disclosed yesterday that the rolling stock business generated £63m in operating profits in the first half of the year - more than 60 per cent of the group total - on sales of just £136m.

Mr Souter said: "If anyone tried to change our existing Porterbrook contracts it would be a major legal issue. Our view is that these are contracts under law and any change would be challenged by us under law."

Stagecoach's finance director, Keith Cochrane, added that it expected to hold discussions with ministers or officials in the near future to argue its case.

Mr Cochrane said that amending the contracts would be unprecedented and would deter other private sector businesses from providing finance for the rail industry. Porterbrook

has placed rolling orders worth £250m since privatisation and is about to place a further £25m contract for diesel trains which it will let on short-term rentals. As an alternative the Government could leave existing contracts in place but impose new regulatory controls when they run out. Most of the contracts do not expire until 2004 although some will start to come up for renewal from next March.

But Mr Cochrane said Porterbrook had already given undertakings to offer reasonable renewal terms at the end of the existing contracts. Porterbrook was initially sold to its management and a group of venture capital funds for £527m but they made a £300m profit by selling the business on to Stagecoach a year later. Similar windfall profits were made when the management and venture capitalists involved in the purchase of Everholt Leasing sold out earlier this year to a subsidiary of HSBC.

Stagecoach subsequently securitised £545m of the debt used to fund the Porterbrook takeover by issuing bonds backed against its revenue stream. Mr Cochrane said these bonds would be affected if the lease contracts were altered.

The sparkling performance from Porterbrook helped Stagecoach to a 50 per cent increase in pre-tax profits to £70.5m for the six months to the end of October. Its other rail business, South West Trains, made an operating profit of £7.8m on revenues up by 3 per cent.

Mr Cochrane confirmed that SWT was considering introducing one-man operation on its trains and extending its experiment with automatic ticket barriers to more of its stations. SWT ran into a storm of protest and was fined by the rail regulator earlier this year after axing 10 per cent of its drivers and then being forced to cancel hundreds of services because of staff shortages.

## Royal replaces two top executives

Royal & Sun Alliance yesterday took the market by surprise by replacing its two top executives. The decision to replace Richard Gamble as group chief executive entitles him to a pay-off of up to £750,000, equivalent to two years' pay.

Robert Mendelsohn, chief executive officer of Royal & Sun Alliance in the US, will take Mr Gamble's post. City sources said Mr Mendelsohn's appointment came out of the blue, as either Mr Gamble or Roger Taylor, executive deputy chairman, had been expected to steer the company following the merger of Royal Insurance and Sun Alliance in July last year.

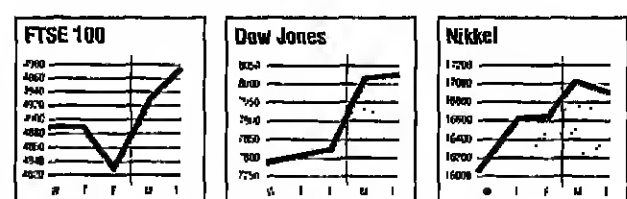
Royal & Sun also announced yesterday that Mr Taylor would relinquish his executive duties, although he would retain a seat on the board and advise the group on external affairs. He will also continue as chairman of the Association of British Insurers.

The company insisted the changes were expected. However, the move came as a pleasant surprise to the market, and Royal & Sun's shares closed up 14p at 560p.

The City has been uneasy about the top-heavy management structure at Royal & Sun since the merger. There have also been suggestions that Mr Gamble and Mr Taylor disagreed on strategic issues. Patrick Gillan, chairman, said in a statement the move was the natural next step in the development of the group. The merger of Royal Insurance and Sun Alliance had created a strong business. Integration of the two companies was on track and the changes in management "put in place the appropriate structure to build upon the group's demonstrated strength as a world class leader in the financial services industry".

- Cathy Newman

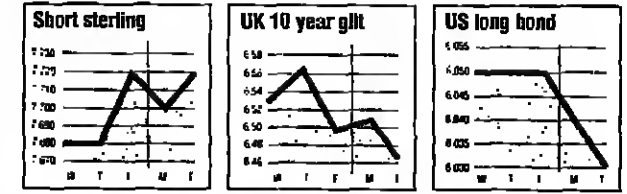
## STOCK MARKETS



Indices

Index	Close	Change	Change%	52 wk high	52 wk low	Yield%
FTSE 100	4977.60	55.80	1.13	5367.30	3882.70	3.55
FTSE 250	4668.40	10.80	0.23	4863.80	4321.80	3.46
FTSE 350	2396.60	22.80	0.96	2570.50	1935.70	3.53
FTSE All Share	2341.68	20.92	0.90	2507.68	1942.22	3.53
FTSE SmallCap	2275.0	1.90	0.08	2407.40	2127.50	3.41
FTSE Fledgling	1543.6	1.30	0.19	1345.50	1192.70	3.45
FTSE AIM	970.6	3.50	0.36	1138.00	965.90	1.07
Dow Jones	8031.01	18.15	0.23	8298.03	6236.05	1.71
Nikkei	18910.29	97.30	0.57	21067.68	14966.13	0.90
Hang Seng	11216.35	465.47	4.33	16820.31	8775.88	3.78
Dax	4072.95	4.91	0.12	4459.89	2760.76	1.96

## INTEREST RATES



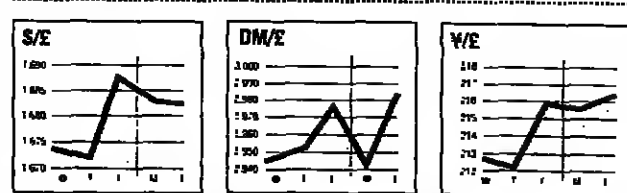
Money Market Rates

Index	3 month	1 yr	1 yr cdy	10 year	1 yr cdy	Long bond	1 yr cdy
UK	7.75	1.34	7.91	0.97	6.47	-0.86	6.37
US	5.92	0.42	6.05	0.36	5.86	-0.20	6.03
Japan	0.67	0.19	0.76	0.17	1.95	-0.58	2.60
Germany	3.76	0.52	4.09	0.79	5.41	-0.20	5.99

## MAIN PRICE CHANGES

Rises	Price (p)	Chg (p)	% Chg	Falls	Price (p)	Chg (p)	% Chg
BICC	162.00	10.00	6.58	Perpetual	2420.00	-177.50	-6.83
Hambros	267.00	16.00	6.37	Brit Biotech	119.50	-4.00	-3.24
Standard Chartered	715.00	34.00	4.99	Taylor Woodrow	188.50	-5.50	-3.16
Lloyds TSB	718.00	34.00	4.97	M&G Group	1392.50	-42.50	-3.05

## CURRENCIES



£/\$

at 5pm	Change	1 yr ago	at 5pm	Change	1 yr ago
Dollar	1.6825	-0.06c	1.5823	0.5944	+0.02p
D-Mark	2.9855	-0.80pf	2.6155	1.7732	-0.35pf
Yen	218.54	-10.68	192.64	128.70	-90.36
£ Index	105.40	-0.20	94.50	107.70	-0.30

## OTHER INDICATORS

at 5pm	Change	1 yr ago	at 5pm	Change	1 yr ago
Brent Oil (\$)	18.07	-0.05	23.72	113.90	3.80
Gold (\$)	294.45	0.60	371.05	159.50	3.70
Silver (\$)	5.32	0.08	4.73	Base Rates	7.25

## Call for bigger pollution cuts delivers blow to coal hopes

The Environment Agency is to ask for bigger cuts in sulphur pollution from coal-fired power stations, in a move that could further jeopardise the future of the coal industry. *Chris Godsmark, Business Correspondent, reports on moves which could scupper ministers' hopes of finding new solutions to the coal crisis.*

The call for significantly larger reductions in sulphur emissions will come in a consultation paper by the Environment Agency, which could be published before Christmas. Officials at the agency, which operates independently from Whitehall, believe that the demand is a matter of urgency.

The current targets set by the Inspectorate of Pollution last year are for power stations

to cut their sulphur emissions by 84 per cent by 2005, compared with pollution levels in 1991. However the huge increase in gas-fired electricity generation has already produced an unexpectedly large reduction in emissions.

The existing target says most of the drop in sulphur output would come from new gas power stations, while older coal stations would account for just a 6 per cent cut. Though the new targets have yet to be signed off, they are certain to demand a bigger contribution from coal stations.

The Agency has submitted its revised plans in evidence to the Commons Trade and Industry Select Committee, which will today continue its investigation into the plight of the coal industry.

The extra environmental obligations look set to further tip the balance against coal, which has been hit by a plunge in orders next year from the big generators. The new targets also demonstrate the Environment Agency's determination

to block any moves by ministers to reduce the pressure on coal by relaxing pollution standards.

The agency believes generators and mining companies could meet the obligations without an even bigger shift towards gas generation, which has much lower sulphur emissions. The paper will suggest a range of measures, including burning high sulphur content coal in the most efficient power stations and adding lime to the generating process.

Separately yesterday it emerged that plans by RJB to create a huge opencast mine between Leeds and Wakefield will not be challenged by the Department of Transport and the Environment. The group wants to extract more than 2 million tonnes of coal from a 620-acre site, but has faced intense local opposition.

The department confirmed that it had decided not to call in the planning application for ministerial consideration, a move which would have delayed the process.

## Engineering company shows the way with no-underwriters rights issue

The practice of charging companies fees to raise money in the City looks on the way out after an engineering company yesterday launched a rights issue dispensing with underwriting fees altogether.

The move comes just two weeks after John Bridgeman, Director General of the Office of Fair Trading (OFT), referred the issue of underwriting services to the Monopolies and Mergers Commission, on the grounds that the system is anti-competitive.

Heat treatment specialist Bodycote will raise £99.3 million in a one-for-four rights issue priced at 50p a share - a 47.5 per cent discount to the prevailing market price - to help pay for its £60.7m acquisition of French

group HIT. Pricing the issue at such a large discount removes the need for underwriting, where institutional shareholders guarantee to buy shares at the issue price even if the company's share price falls below it.

As a result, Bodycote, which was advised by Dresdner Kleinwort Benson, does not have to pay the standard underwriting fee of 2 per cent of the amount raised. "It was a case of saving £2m, which is a very attractive proposition for a company like ours," said managing director John Chesworth.

The move was generally welcomed in the City. "It's throwing down a gauntlet to the traditional system," said one institutional investor. "It was bound to happen sooner or

later," another investment banker said.

The issue is believed to be the first in recent years where a financially sound company dispenses with underwriting fees. Previously, investment banks had sought to cut fees by putting part of the underwriting out to tender.

John Rogers, director of investment services at the National Association of Pension Funds, said: "It shows that there is flexibility in the London underwriting market." Most observers said there was no reason why other companies should not adopt a similar approach.

The OFT was also positive. "This is just the sort of thing the Director General was looking for," said a spokesman.

- Peter Thol Larsen





## OUTLOOK

ON THE NEW  
SAVINGS SCHEMES,  
BODYCOTE'S RIGHTS  
ISSUE AND  
NATWEST'S EXCUSES

## ISAs aim to cap the Revenue's losses

Here is a test. You are the new Chancellor and your Permanent Secretary has just helpfully pointed out that the tax-free investment alternative promised in your election manifesto will cost the Exchequer squillions. It was had enough that the tax foregone on personal equity plans and Tassas, will be £1.25bn this year, rising to £1.7bn by the turn of the century. But did you know that your brand spanking new Individual Savings Account, aimed at low income earners, has the potential to cost a lot more in tax revenues than PEPs and Tassas ever did. Gulp. What do you do? The answer came yesterday, when the Treasury wheeled out a hapless Paymaster General, Geoffrey Robinson, to explain the Government's new ISA to a sceptical audience.

Yes, the ISA will enjoy virtually identical tax incentives to existing PEPs and Tassas plus bolt on goodies like instant access to a portion of the amount saved. But there will be one major difference: unlike existing PEPs, which allow maximum investments of up to £9,000 a year and no limit over time, the ISA will have an annual cap set at £5,000 and an upper ceiling of £50,000.

One of the admirable purposes of ISAs is to stimulate savings among a far wider swathe of people than PEPs and Tassas ever reached with their appeal to better-off folk with money to spare.

There is no doubt that many will be better off with an ISA, even if it is the tune of just a few pounds. But we should not pretend either that this is an exercise de-

signed solely to encourage poorer savers since the fiscal impetus behind the new savings schemes is to cap the amount the Revenue is losing from existing ones.

While poorer savers will get a better deal it will not make a lot of difference to the super rich. They, like Mr Robinson, will continue to invest their riches in offshore trusts where no Chancellor can get his hands on them.

## Underwriting cartel is challenged

At last, a company with the gumption to challenge the City's underwriting cartel and launch a deeply discounted rights issue. But hold on a moment. Is anything actually being achieved here?

Bodycote and its merchant bank adviser, Dresdner Kleinwort Benson, have decided to dispense with underwriting commissions altogether in raising £99m from shareholders. Instead the rights are being pitched at a deep discount to the prevailing price of Bodycote shares, so that even if the stock market collapses before the issue can close, Bodycote is still virtually guaranteed of getting its money.

The company thus saves itself the traditional 2 per cent underwriting fee, while retaining the money in the bank certainty which provides the main justification for such fees. Just the ticket.

So if this is such a great idea, why isn't it more commonly used? One possible ex-

planation is that in the wake of the recently ordered Monopolies and Mergers Commission probe into the underwriting cartel, the old system is already crumbling and the City is reforming itself under its own steam. In the old days companies would have been advised strongly against this approach, if only because it deprived the City of its commission.

Annoyingly for Dresdner, which now looks as if it is reacting to pressure, the deeply discounted route for Bodycote was under actually being planned before the MMC investigation was launched. But it is certainly the case that the threat of regulatory action has stirred the City into reform, of which this is an example.

Nor have the merchant bankers and lawyers been left entirely penniless by the exercise. There is still a £2.4m charge to Bodycote in advisory fees (or 2.4 per cent of the sum raised), though to be fair most of this is accounted for by the related cost of the HIT acquisition in France.

Moreover, the Bodycote issue suffers from a familiar problem with deeply discounted rights; what the company gains in lack of underwriting commissions, it loses in terms of having to pay out enhanced dividends, which increase the long term costs of the capital raised. In order to make this issue attractive to shareholders, Bodycote is first increasing the dividend on the existing share capital by 34 per cent. The effect is that Bodycote will have an on-going dividend cost on the new capital of about double what it pays on the old.

In Bodycote's case, this hardly matters.

The amount raised in relation to its total market capitalisation is relatively small. Bodycote is also a high growth stock with a tiny yield. The real test of a deeply discounted rights is going to be when it also involves a pro-rata cut in the dividend, to reduce the costs of the extra capital. Some shareholders, particularly small ones, object to this because if you don't take up your rights it leads to the illusion of reduced dividend income. Will the City go for such an approach? Now why does that seem so unlikely?

## NatWest puts on a brave face

A personal letter to the shareholders of National Westminster Bank from the chairman Lord Alexander, and the chief executive, Derek Wanless. Dear shareholder. It looks bad, doesn't it? But in fact it isn't. Actually it's very good news for all of us really. Let's get the bad news over with first. Totting up all the costs associated with our withdrawal from equities trading, we've arrived at a grand total of £637m, which will be charged to group profits this year.

That includes everything, you understand - trading losses, restructuring charges, that wretched options mispricing business and a wacking great post budget adjustment to finance lease receivables, whatever they are. By the way, this last item definitely wasn't our fault, and as for the

rest, that can all largely be blamed on NatWest Markets' former chief executive, Martin Owen, who we have now fired.

We feel sure that you will give us credit, both for the speed with which we have grasped the nettle and disposed of these businesses, and for the openness with which we have detailed the damage. The same cannot be said of that moor round at Barclays, who have not yet said how much their own parallel withdrawal from BZW is costing them.

Now for the good news. The very fact that we are getting all this out of the way now will enable us to deliver substantial improvements in our performance in 1998 and thereafter - £637m of improvement, to be precise. You can't say fairer than that, can you? As it turns out, these businesses were tying up a huge amount of capital - what we in banking call "weighted risk assets" - which is now available for use elsewhere. Given our record, you can surely rely on us to squander this money elsewhere now that it has been released. Ha, ha! Only joking. Actually, we intend to return a big chunk of it to you the shareholders. So you see it has all worked out rather well in the end.

A chapter is closed and we now offer a new beginning, new horizons, bigger and greater things... Oh all right then. Enough is enough and we agree to go quietly when suitable replacements are found.

Yours apologetically, etc etc, signed in the chairman's absence, squiggle, squiggle, PA to the chairman of National Westminster Bank.

## South Korea to sign record \$55bn IMF bail-out package

South Korea is likely to sign an agreement for a rescue package with the International Monetary Fund (IMF) today, which will lay the basis for the biggest economic rescue in history. In Hong Kong Stephen Vines reports that the price of the rescue will be high and examines the chaotic negotiations to extricate Seoul from its economic crisis, while Leo Paterson in London looks at a tough-talking report on Japan.

The IMF is expected to contribute \$20bn (£11.5bn) to a \$55bn bail-out with the balance coming mainly from Japan, the United States and the Asian Development Bank. This tops the \$50bn bail out for the Mexican economy two years ago.

First signs of the price to be extracted emerged yesterday when the Korean government was reported to have suspended the licenses of nine merchant banks. However in the currently confused atmosphere prevailing in the capital Seoul, news of these suspensions came not from the government, which remained silent, but from the stock exchange which suspended trading in the companies' shares.

Reports from Seoul say that 12 merchant banks and two commercial banks are about to keel over under the pressure of bad debt. The IMF is insisting on restructuring of Korea's manifestly inadequate financial institutions which will involve both closures and shotgun marriages of ailing banks with more solidly based institutions.

The Korean government is finding it hard to come terms with the humiliation of seeking

the bail-out. Negotiations have proceeded by fits and starts with the government sending mixed signals about its willingness to bow to IMF demands.

However, it is becoming clear that ordinary Koreans will shoulder a heavy burden in consequence of this rescue. A predicted agreement with the IMF to reduce economic growth next year to 3 per cent, is estimated to push unemployment up to around 6 per cent of the workforce, compared with the current level of some 2.5 per cent.

The Korean economy has enjoyed an astonishing average level of growth of 8.6 per cent per year for the past three decades. This sharp reversal is unpalatable for many Koreans. Kim Dae-jung, the veteran opposition politician who may well triumph in the pending presidential elections, has pledged to renegotiate the terms of the IMF agreement.

The battle weary Korean stock market registered another fall of just over 4 per cent, while the fast shrinking local currency hit a new low with a further fall of 3.5 per cent against the US dollar.

For a change Korea's woes did little to affect sentiment elsewhere in Asia yesterday. Most Asian stock markets registered gains on the back of a strong performance on Wall Street on Monday and a surge in Japan on the same day.

The mood of cautious optimism was seen most clearly in Hong Kong where the blue-chip Hang Seng Index registered a gain of over 4 per cent, and, for the first time this month, climbed steadily throughout the day without being dragged down by selling pressure.

Share prices in Tokyo fell back only marginally after profit taking kicked in following Monday's surge.

Talk of government intervention also helped firm up the

value of the Yen as the influential Organisation for Economic Co-operation and Development (OECD) yesterday warned the Japanese government to take care not to damage further the embattled economy.

In its annual survey of Japan, the OECD also predicted the recent turmoil in other parts of the Far East could threaten future Japanese growth. The OECD said: "The recent financial difficulties of some South East Asian countries could have a marked effect on Japanese business sentiment and export growth to that region".

Recent economic troubles in Japan mean that Gross Domestic Product (GDP) will grow by less than 1 per cent in 1997, the OECD predicted.

The OECD cautioned the Japanese government against interest rate hikes, saying that "an early tightening of monetary policy does not seem to be warranted in the current economic environment". Easy monetary conditions, that is maintenance of the historically low levels of interest rates in Japan, "would also help restore the health of the banking system".

A rapid fall-out in government spending could also damage future economic growth, the OECD cautioned in its survey. The OECD said: "Care should be taken to avoid too rapid a withdrawal of government support to the economy in the short term".

The Japanese government intends to reduce public investment in the coming years to try and reduce its budget deficit. The general government deficit rose to around 4 per cent of GDP in 1996, one of the largest in the OECD area.

Rather than slashing public spending, the OECD suggested that the Japanese government introduce structural reforms to try and balance its budget.



Alcopops: Sales of Merrydown's Two Dogs have been rocked by the public outcry

## Merrydown in takeover talks

Merrydown, the beleaguered cider and alcopops maker, yesterday announced it was in takeover talks after plunging into the red. Andrew Yates finds the group is unlikely to retain its independence.

Merrydown is believed to be holding takeover talks with an international drinks group. However a bidding war could emerge with more rivals entering the fray, according to industry sources.

Pernod Ricard, which has close ties with Merrydown, having recently reached an agreement to distribute its controversial alcopop Two Dogs, is understood to be considering launching a bid.

Brewing giants Scottish & Newcastle and Whitbread, and cider rivals Matthew Clark and HP Bulmer could also be interested in making an approach but are not currently in talks with Merrydown. News of the talks sent the shares up 15p to 65.5p.

The announcement comes as Merrydown revealed it had lost £944,000 for the six months to September, compared to a profit of £673,000 last year.

Merrydown also revealed that Richard Purdey is to stand down as chairman after 32

years in the wake of growing criticism in the City of Merrydown's poor share price and operating performance. He was paid £95,000 last year and is on a two-year rolling contract, so he is entitled to a pay-off of around £190,000.

Matthew Jordan, drinks analyst at ABN Amro Hoare Govett, said: "This looks like Merrydown trying to sell themselves. The group needs to be snapped up by someone. If it remains independent it probably wouldn't last very long."

Mr Purdey said: "We expect to be in a position to decide whether a final bid has materialised well before Christmas."

Sales of Merrydown's Two Dogs have been rocked by the public outcry over alcopops and the decision by major retailers to stop stocking the brand.

Mr Purdey said: "Two Dogs sales have collapsed. The market was flooded by more than 90 new products and the effect has been cataclysmic."

Merrydown has also been hit by a rise in duty on strong ciders, which has led to a price war.

Separately, Eldridge Pope announced a 23.6 per cent rise in pre-tax profits to £5.4m, and a shake up in its share structure aimed at enfranchising its "A" shares. Old English Pub group also announced the acquisition of seven coaching inns for £5.1m.

## Logica offers free computer course to lure new recruits

Logica, the UK information technology company, will today announce its latest innovation to plug the yawning skills gap in the computer industry - an all-fees paid university course in IT.

In a joint venture with the University of East London in Stratford, Logica is starting a four-week intensive course to train people who have no IT experience in basic IBM mainframe computing skills.

Logica will pay all course fees, amounting to tens of thousands of pounds in the initial phase, and guarantees to give all successful students a job at Logica as a technical consultant at its Brentwood office starting in the new year and paying probably around £17,000 basic.

The initial course has already selected 16 people, including a paleontologist, an ex-bank manager and a former secretary at the company, through a two-day assessment, but Logica plans to extend the scheme.

A spokesman for the company, which currently recruits around 500 people a year, said the course could feed in around 100 extra employees a year.

—Randeep Ramesh

Logica, which had a profits scare in June when it warned that it could not recruit IT people fast enough, has since launched a number of unusual schemes to attract new people.

The company pays any existing staff member £2,000 cash for introducing a new employee into the company and recently opened a drop-in centre for people interested in being trained in computer skills.

Logica is not the only IT company feeling the pressure of a shortage of computer programmers. Around 50,000 new people are needed in the industry by the year 2000, to meet demand driven by the millennium problem, monetary union and booming growth of IT in business.

CRL Britain's largest IT staff recruiter, was overwhelmed with telephone calls after it announced a scheme in November to create 2,000 jobs in five years, inviting anyone to apply and promising applicants who pass a selection test and a three-month paid training period a full time job paying up to £40,000 a year.

—Sameemo Ahmed

## Virgin set to choose £300m tilting train bidder

Virgin Trains is considering plans to buy 75 tilting train sets as part of its order for Cross-Country, the sprawling rail franchise that covers the nation.

Four train-makers - Adtranz, Bombardier, Siemens and GEC Alsthom - have lined up to bid for the lucrative deal, which industry insiders say would be worth more than £300m.

With the announcement of the preferred bidder to be made this week, executives could see the value of the contract increase by up to 25 per cent.

If Richard Branson, the

chairman of Virgin, commits his company to the order - which would be in addition to the 55 high-speed trains for his West Coast operation - it would make him the "tilting train tycoon of Europe".

Managers at Virgin have been attracted by the huge time savings tilting trains would provide. Calculations suggest the twists and turns of many of Cross-Country's routes would see significant journey time reductions.

For example, the trip from Birmingham to Bristol, which can take more than one and a

half hours, could be cut by 30 minutes.

The other advantage of tilting trains is that they allow higher frequencies on many routes. One lucrative service that would benefit is Birmingham to Manchester.

Any tilting train order for Cross-Country would seem to favour Adtranz and GEC - as both are also bidding to build tilting trains for Virgin's West Coast service. However industry sources point out that Virgin could lose out if it only chose one supplier.

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## THE INVESTMENT COLUMN

EDITED BY SAMEENA AHMAD

### Food sector may be on the turn

is the UK food manufacturing sector finally on the turn? Yesterday's 21 per cent increase in half-year underlying profits at Hazlewood Foods, following decent figures from Northern Foods and Geest, suggests it is.

If so, it won't be before time. Shares in UK food producing companies have underperformed the market by some 15 per cent over the last five years. Dismal performances from individual stocks such as Dalgety and United Biscuits have hardly helped, while the BSE crisis has hammered those into red meat. There

proving sales mixes towards higher margin lines and rationalising their bases. With raw material prices now more stable, food stock share prices have already started to turn up.

Companies including Geest, Albert Fisher and Hazlewood have been moving out of commodity sectors into higher margin added-value products such as convenience foods where market growth is buoyant and barriers to entry are high. Hazlewood impressed the market with a 10 per cent increase in underlying sales in the year to September and an improvement in margins.

To add to the rosier outlook, the dairy groups, particularly Unigate and Northern Foods are beginning to benefit from the rationalisation of their declining

should be avoided, stocks such as Unigate, Dairy Crest, Northern Foods, Hazlewood and Geest are still on relatively low ratings. They look good value.

### Siebe exudes confidence

Barrie Stephens can retire a contented man. In 33 years the long-serving Siebe chairman, who presented his last set of results to the City yesterday, has taken the industrial controls and appliances group from a tiddler with annual sales of £1.4m to a global engineering giant turning over more than £3bn.

On yesterday's evidence, that progress should continue. While other engineering companies grapple with the strong pound and the economic upheaval in the Far East, Siebe could hardly have sounded more confident.

Sceptics had viewed the acquisition of troubled process engineer APV last May as a sign that Siebe was running out of steam. Not so. In just four months under Siebe's management, the unit's margins widened by two percentage points to 5.5 per cent. They should hit 10 per cent some time next year - well ahead of schedule.

What about the currency? True, translating overseas profits into sterling knocked a cool £19m off Siebe's bottom line. But this is a one-off accounting effect. In fact, cheaper currencies have given some of Siebe's overseas operations a welcome competitive boost.

That's especially true of the Far Eastern markets, which account for 17 per cent of the company's sales. Siebe says it hasn't seen any demand weakness, and sees the shake-out as an opportunity to snap up selective acquisitions in the region.

With organic profits - excluding the effects of currencies and acquisitions - rising by over 20 per cent, the charge that Siebe needs deals to fuel growth also looks thin.

Indeed, the company has ruled out any large acquisitions for the time being, saying management has enough on its plate. With the full benefits from APV and an internal efficiency programme still to come, brokers have

### Hogg Robinson on road to recovery

Hogg Robinson's share price has never recovered after the business travel to financial services group stunned investors with a profits warning last January. However yesterday's results, which showed a 21 per cent rise in underlying pre-tax profits to £14.5m for the six months to September, suggest it is on the road to recovery.

The transport division, which had proved to be the group's Achilles' heel over the last few years, has finally been off-loaded to its management team. Given the division's dwindling earnings, the £23m HR got for selling the business looks a good price.

HR is left with a fast-growing business travel subsidiary with excellent prospects. After a few hiccups Bennett, its Scandinavian travel agent, is performing well. The market for business travel is growing strongly and by securing more fee-based work the group is better placed than most to cope with a move by airlines to cut commissions to agents.

With £37.5m in the bank HR also has the financial fire-power to launch an acquisition spree. After earmarking £15m for an earnings-enhancing share buy-back it has another £65m up its sleeve, with travel businesses in North America and the Far East on the shopping list. The logic goes that HR will be able to win much more business if it can offer customers a travel service with global spread.

The one potential black spot is the financial services division. It still has its fair share of problems, with the pensions market struggling to shrug off the damage done by the mis-selling scandal, and HR is likely to be forced to dispose of some of the worst performing bits.

UBS forecasts full-year profits of £29m, putting the shares on a prospective PE ratio of 10. Trading on a 40 per cent discount to the market, HR shares, ahead 2p at 225p, look good value.

## PEOPLE & BUSINESS

### JOHN WILLCOCK



No one expected Sam Chisholm, the recently departed chief executive and managing director of BSKyB, to be absent from the pay TV industry for long. Just weeks after stepping down from the driving seat at the satellite broadcaster, both Mr Chisholm and his deputy, David Chance, have re-emerged in the Polish television market.

But where Mr Chisholm and Mr Chance spent their time at Rupert Murdoch's satellite business scaring the living daylights out of the British cable companies, they will now sit on the board of the biggest Polish cable television operator, @Entertainment, as non-executive directors.

The company, which is quoted on Nasdaq, has 700,000 customers, and is launching a digital service in April next year, roughly the same time that BSKyB is scheduled to launch its digital satellite service. Bob Fowler, chief executive officer of @Entertainment, said the assistance of the men from the Sky would be "invaluable".

The likes of Cable & Wireless Communications and Telewest Communications, the two largest cable companies in this country, must be pondering whether the dynamic duo could be tempted with a similar board position in the UK. After all, both men have an enviable reputation for turning around ailing businesses.

Another time-honoured tradition bites the dust. Jeremy Pope is scrapping the division between voting and non-voting shares in Eldridge, Pope, which his father Philip Pope introduced into the family pub business in 1951. From next year holders of non-voting shares will have full voting rights, as the company seeks to gain support from a wider institutional base.

This is quite a step for Mr Pope, the fourth generation in the family, since non-family members haven't had a look-in until now. He describes it as a deck clearing exercise - "so that we're prepared for changes in the market."

His father, like Jeremy a lawyer, split the

shares in two 40 years ago in order to allow various members of the family to raise some cash by selling non-voting shares, while retaining control. The company has got out of its original brewing business and now concentrates on developing pubs. Its three main brands are Fireside Inns, Bar Excellence and Slurping Toad. And now, not only can you invest in them, you can control them, too.

London Business School has plucked Professor John A Quelch from Harvard University to succeed its current principal Professor George Bain, who is going off to tell the Government all about the minimum wage.

The new man at the LBS is actually a Brit. Mr Quelch was born in London in 1951 and graduated from Exeter College, Oxford with a degree in history in 1972. He's been at Harvard in some shape or form since 1977, and is currently the Sebastian S Kresge Professor of Marketing. Lord Sainsbury of Turville, chairman of LBS's governing body, describes him as "the ideal man to lead the school."

If you're looking for a stocking filler for a loved one, how about Robert Alexander's racy new book, *The Voice of the People: A Constitution for Tomorrow*. OK, NatWest Group's chairman Lord Alexander hasn't turned out a bodieripper, exactly, but it's all worthy stuff, and probably played its part in getting the barrister-turned-banker on to Roy Jenkins's working party on constitutional reform this week. A NatWest spokesman tells me that since the tome's publication two months ago sales have gone quite well.

Just one thing occurs to me. NatWest has this year dropped around £600m on its investment banking operations, which it finally sold yesterday. Shouldn't Lord A have spent less time authoring and more time auditing?

As the late Roy Castle used to say, Jem Miller is a RECORD BREAKER. The jovial spin doctor retired last Friday from Lowe Bell Financial, although he will continue as a consultant for the firm.

Over his career Mr Miller spent 26 years representing Tate & Lyle, which many consider to be the longest ever PR account in the City. Any challenges? He has also represented Highland Distilleries since the mists of time.

Piers Pottinger, chairman of Lowe Bell Financial, says the firm will continue to present the annual "Jem Miller Award for most spectacular behaviour at a Christmas party."

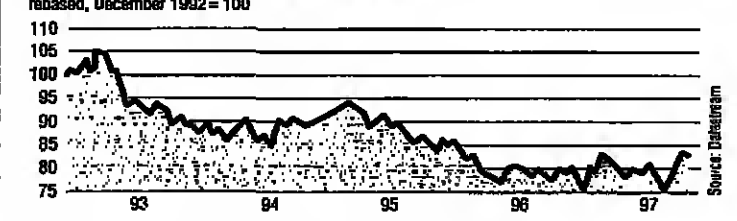
One distinguished former employee won it for "taking a taxi home from the office party to the house he moved out of four years before," says Mr Pottinger. Jem originally won the prize many years ago for "cossack dancing at Cliveden (the posh Thames Valley hotel) in the most spectacular fashion," he adds.

Mr Miller, a native of Zimbabwe, is celebrating his retirement by buying a house in the South of France.

### UK food producers: At a glance

Company	Market value, £m	Share price, p	Dividend, p	Yield, %	1 year %	5 year %	Profit forecast, current year, £m
Albert Fisher	265	37	23.6	9	42.5		
ADF	4,905	145.5	12.2	10	41.0		
Dairy Crest	282	255	12.2	10	41.0		
Geest	275.1	381	20.5	17	34.5		
Hazlewood Foods	389.9	150	11.4	12	31.0		
Hillside Holdings	1,115	156	12.2	10	41.0		
Northern Foods	1,574	270	11.2	13	146.0		
Unigate	1,371	571	14	14	76.6		
United Biscuits	1,119	211.5	15	14	76.6		

### UK food producers against FT Allshare



have also been tough issues affecting the whole sector - pressure on margins from the cost-cutting supermarkets, rising raw material prices and restrained consumer spending.

Many of these problems have waned. And exchange rate factors have made the defensive qualities of the domestic food producers much more attractive. But the improvements do not end there. The trading environment is more benign, with all the big supermarkets, bar Safeway, enjoying decent sales growth. Consumers are spending more freely and food manufacturers have put their houses in order by offloading excess capacity, im-

doorstep milk businesses. Less attractive are companies with overseas earnings affected by the strength of sterling, such as Tate & Lyle and Cadbury Schweppes, while Unilever and Associated British Foods are already highly rated.

Its recent underperformance is likely to cast a cloud over the sector until strong trading results become a more frequent feature. And the deterioration in trading at Safeway could destabilise the supermarket groups and affect margins. But, as the graph illustrates, the sector has been edging up in recent months. While perennial underperformers such as United Biscuits, Dalgety and Albert Fisher

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## Allied Colloids results slip-up reveals bid defence facts

It was red faces all round yesterday at Allied Colloids, the chemicals group attempting to fend off a £1.1bn hostile bid from US rival Hercules, when it issued the wrong interim results statement to the Stock Exchange.

The original statement gave away facts Allied is likely to raise in its impending defence document. In it Allied predicted that exchange rates and raw material costs were unlikely to rise in

the next six months and that overheads had risen slower than sales. Schroders, Allied's brokers, blamed an administrative error.

Hercules called the handling of the results "shambolic" and said it was considering taking over the matter with the Takeover Panel. A spokesman for Allied said: "We are not embarrassed by the facts that have been revealed and stand by them."

David Farrar, Allied's chief

executive, claimed that the 52.1 per cent rise in pre-tax profits to £32m for the six months to September would act as "a springboard on which to launch a strong defence".

However Hercules yesterday proclaimed it was "underwhelmed" by the new figures and said they were at the bottom of analysts' expectations. Keith Elliott, chairman and chief executive of Hercules,

said: "Sales are down on a like-for-like basis, return on capital continues to decline... and the company is clearly still vulnerable to currency and raw material price movements."

Philip Morris, chemicals analyst with Nikko, said the strong results proved the Hercules bid was a non-starter, although Allied was unlikely to remain independent.

Andrew Yates

## Bass given go-ahead to buy Carlsberg-Tetley brewery

Margaret Beckett, President of the Board of Trade, has given the green light for Bass's acquisition of Carlsberg-Tetley's brewery at Burton on Trent. The brewery was put up for sale after Ms Beckett's controversially decided to block Bass's acquisition of Carlsberg-Tetley's UK brewing business.

Carlsberg-Tetley warned the decision would lead to substantial job losses and force it to sell off or close some breweries. Bass announced last month it would buy the Burton brewery and close two of its own breweries at Sheffield and Cardiff.

## Sears sells Dolcis

Sears, the struggling retail group, has sold its Dolcis shoe chain to Alexon, the women's clothing retailer and Electra Fleming, the venture capital group. The deal involves 106 shops and the transfer of 1500 staff. Sears will incur a net loss of £13m on the disposal. The sale is the first part of Sears' plan to sell or close its British Shoe Corporation division. Dolcis recorded a loss of around £8m on sales of £66m last year.

## Dawson buys wholesaler

Dawson Holdings, the AIM-listed newspaper and magazine wholesaler, yesterday said it had agreed to acquire the wholesaling interests of Johnsons News for £32m. The acquisition will give Dawson 20 per cent of the UK newspaper and magazine wholesale market, the company said yesterday. Johnsons is the UK's fourth biggest newspaper and magazine wholesaler. Following the purchase, Dawson said it would have current turnover of £529m.

## Laker's BA case dismissed

A court in Florida has thrown out a case brought against British Airways by Sir Freddie Laker, the longstanding opponent of the airline, over the allocation of take-off and landing slots at Gatwick Airport.

Sir Freddie had complained that BA effectively controlled the allocation of slots at the airport. Dick Wyatt, a BA employee, is this year's elected chairman of Gatwick Airport Co-ordination, which allocates slots. The US judge said the Laker action suffered from "both a procedural and substantive defect". BA said last night that it did not exert undue influence on the slot-allocation process and had just 26 per cent of slots at Gatwick.

## Chrysalis in 'masthead TV' talks

Chrysalis Group, the television, radio and music company, is talking to Condé Nast, owner of *Vogue* and *Vanity Fair*, about turning some of the publisher's best known magazines into television programmes.

Chrysalis said yesterday it was talking to Condé Nast about "masthead programming" - naming a television programme after a magazine. At present, the Independent Television Commission allows such programming on cable and satellite television, but will consider next spring whether magazine brands could be extended to terrestrial television.

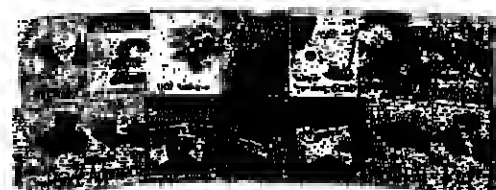
Cathy Newman

COMPANY RESULTS	Turnover £	Pre-tax £	EPS	Dividend
Alcan (I)	110.52m (79.28m)	3.22m (1.43m)	4.76p (2.21p)	1.4p (1.25p)
Allied Colloids (I)	246.98m (207.9m)	32.05m (21.07m)	3.5p (2.75p)	0.73p (0.64p)
Chrysalis (I)	107.83 (111.38m)	1.3m (5.4m)	5.53p (19.45p)	2.75p (1.1p)
One Valley (I)	9.51m (5.92m)	4.66m (3.01m)	2.4p (0.5p)	6.6p (3.5p)
East Surrey Hedge (I)	24.43m (24.12m)	10.78m (8.81m)	15.6p (13.2p)	4.0p (3.6p)
Eldridge Pope (I)	63.82m (61.40m)	5.4m (4.4m)	20.2p (18.6p)	6.1p (5.3p)
Field Group (I)	117.7m (108.5m)	12.02m (10.62m)	15.3p (13.3p)	3.4p (3.1p)
General Cable (I)	81.65m (85.57m)	37.8m (21.2m)	1.1	1.1
Hazlewood Foods (I)	390.9m (386.5m)	10.8m (11.4m)	2.07p (2.4p)	2.8p (2.4p)
Hogg Robinson (I)	789.72m (759.65m)	1.93m (14.02m)	11.01p (8.97p)	4.07p (3.70p)
Merryllyne (I)	11.45m (18.41m)	0.630m (0.670m)	6.73p (3.57p)	nil (2.1p)
Northern Construction (I)	156.45m (123.06m)	6.68m (4.77m)	6.77p (4.66p)	1.8p (1.1p)
Norfolk (I)	38.04m (35.77m)	0.51m (2.02m)	3.28p (3.0p)	3.3p (3.0p)
Sanderson Electronics (I)	67.14m (61.28m)	2.78m (6.2m)	4.7p (10.1p)	2.4p (4.6p)
Scottish Realife (I)	37.42m (28.42m)	9.3m (7.01m)	33.0p (18.7p)	8.4p (8.40p)
Selle (I)	1.71m (1.47m)	£221.7m (150.4m)	27.7p (24.0p)	5.40p (4.90p)
Shelfordbury (I)	-	5.9m (3.27m)	4.73p (6.17p)	1.5p (2.23p)
Stagcoach Hids (I)	681.5m (405.1m)	70.5m (47.0m)	20.3p (12.5p)	4.0p (3.0p)
Striving Group (I)	50.88m (45.98m)	2.014m (1.462m)	1.00p (1.11p)	0.68p (0.63p)
Videologic (I)	7.73m (14.88m)	2.93m (1.24m)	1.9p (0.8p)	-

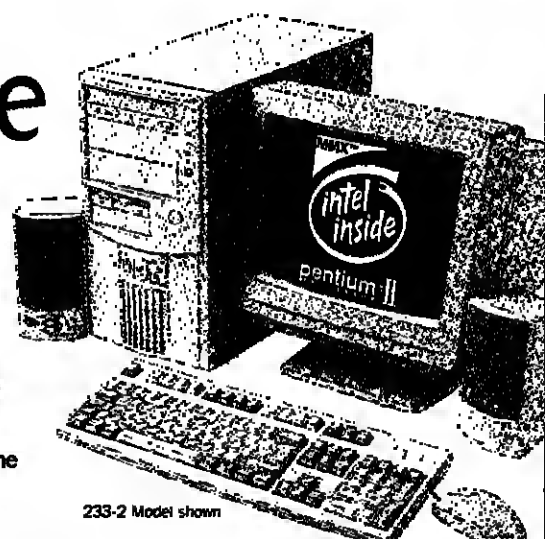
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Foreign Exchange		Country	Spot	1 Month	3 Months	6 Months	1 Year								
100.00	100.00	Australia	2.018	2.018	2.018	2.018	2.018								
100.00	100.00	Belgium	23.80	23.80	23.80	23.80	23.80								
100.00	100.00	Canada	0.71	0.71	0.71	0.71	0.71								
100.00	100.00	Denmark	6.46	6.46	6.46	6.46	6.46								
100.00	100.00	France	6.55	6.55	6.55	6.55	6.55								
100.00	100.00	Germany	2.36	2.36	2.36	2.36	2.36								
100.00	100.00	Greece	20.85	20.85	20.85	20.85	20.85								
100.00	100.00	Hong Kong	7.75	7.75	7.75	7.75	7.75								
100.00	100.00	India	25.82	25.82	25.82	25.82	25.82								
100.00	100.00	Italy	1.36	1.36	1.36	1.36	1.36								
100.00	100.00	Japan	163.25	163.25	163.25	163.25	163.25								
100.00	100.00	Malaysia	3.75	3.75	3.75	3.75	3.75								
100.00	100.00	Mexico	16.37	16.37	16.37	16.37	16.37								
100.00	100.00	Netherlands	3.60	3.60	3.60	3.60	3.60								
100.00	100.00	New Zealand	2.79	2.79	2.79	2.79	2.79								
100.00	100.00	Norway	6.03	6.03	6.03	6.03	6.03								
100.00	100.00	Portugal	20.48	20.48	20.48	20.48	20.48								
100.00	100.00	Saudi Arabia	3.01	3.01	3.01	3.01	3.01								
100.00	100.00	South Africa	6.83	6.83	6.83	6.83	6.83								
100.00	100.00	Spain	16.66	16.66	16.66	16.66	16.66								
100.00	100.00	Sweden	4.66	4.66	4.66	4.66	4.66								
100.00	100.00	Switzerland	2.00	2.00	2.00	2.00	2.00								
100.00	100.00	US	1.00	1.00	1.00	1.00	1.00								
Other Spot		Country	Spot	1 Month	3 Months	6 Months	1 Year								
100.00	100.00	Argentina	1.68	1.68	1.68	1.68	1.68								
100.00	100.00	Brazil	1.00	1.00	1.00	1.00	1.00								
100.00	100.00	China	8.27	8.27	8.27	8.27	8.27								
100.00	100.00	Czech Rep	2.00	2.00	2.00	2.00	2.00								
100.00	100.00	Egypt	5.75	5.75	5.75	5.75	5.75								
100.00	100.00	Ghana	3.91	3.91	3.91	3.91	3.91								
100.00	100.00	Hungary	1.00	1.00	1.00	1.00	1.00								
100.00	100.00	India	6.60	6.60	6.60	6.60	6.60								
100.00	100.00	Indonesia	6.43	6.43	6.43	6.43	6.43								
Interest Rates		UK	7.25%	France	7.25%	Intervention	3.30%	Italy	12.00%	Spain	6.25%	Netherlands	3.30%	Switzerland	3.30%
Bond Yields		Country	3 mth	6 mth	1 Year	2 Year	3 Year	4 Year	5 Year	10 Year	20 Year				
100.00	100.00	Australia	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00				
100.00	100.00	Belgium	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85				
100.00	100.00	Canada	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00				
100.00	100.00	ECU	4.55	4.55	4.55	4.55	4.55	4.55	4.55	4.55	4.55				
100.00	100.00	France	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00				
100.00	100.00	Germany	3.78	3.78	3.78	3.78	3.78	3.78	3.78	3.78	3.78				
100.00	100.00	Italy	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00				
100.00	100.00	Japan	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00				
100.00	100.00	Netherlands	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75				
100.00	100.00	Sweden	4.38	4.38	4.38	4.38	4.38	4.38	4.38	4.38	4.38				
100.00	100.00	Switzerland	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50				
100.00	100.00	US	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00				
Money Market		Country	3 mth	6 mth	1 Year	2 Year	3 Year	4 Year	5 Year	10 Year	20 Year				
100.00	100.00	US	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00				
Life Financial		Country	3 mth	6 mth	1 Year	2 Year	3 Year	4 Year	5 Year	10 Year	20 Year				
100.00	100.00	US	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00				
Life FTSE 100		Country	3 mth	6 mth	1 Year	2 Year	3 Year	4 Year	5 Year	10 Year	20 Year				
100.00	100.00	US	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00				
Precious Metals		Country	3 mth	6 mth	1 Year	2 Year	3 Year	4 Year	5 Year	10 Year	20 Year				
100.00	100.00	US	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00				
Agricultural		Country	3 mth	6 mth	1 Year	2 Year	3 Year	4 Year	5 Year	10 Year	20 Year				
100.00	100.00	US	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00				
100 Largest Ins		Country	3 mth	6 mth	1 Year	2 Year	3 Year	4 Year	5 Year	10 Year	20 Year				
100.00	100.00	US	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00				

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# Progress for punter in bets case

A determined punter scores a victory in his long battle with a major bookmaker. Greg Wood reports on a case that has implications for anyone who bets.

## Remember Terry O'Callaghan?

He is the punter who claimed to have won £259,200 for a £50 football bet with Coral a little over a year ago. Coral, however, refused to pay, saying that the betting slip in question had not been photographed by the security camera in the betting shop where it had been placed.

The Green Seal Service, the arbitration service run by the *Sporting Life*, backed up the bookmakers and that, it seemed, was that.

But not as far as O'Callaghan was concerned. For the last 14 months, he has waged a relentless campaign against Coral, which has

proved, for the most part, fruitless and costly ("I've used almost every penny I have," he said yesterday). At one stage, he was even charged with conspiracy to defraud. The charges were dropped for lack of evidence, but the very fact that they had been laid was enough to try to convict him in the minds of many, and media interest in his crusade all but vanished.

Yesterday, though, he finally won a victory, when a judge granted him leave to seek a judicial review of a legal review suffered in a Bristol court earlier this year. As a result, the bookmakers may finally be forced to bring into the open the evidence on which they based their decision to refuse to pay.

The merits of O'Callaghan's personal complaint against Coral remain to be seen. What should interest anyone who ever places a bet, though, whether it be on football, racing or the reappearance of Elvis, is the obstacle course he has had to negotiate in the

search for a credible, open hearing of his case with all the evidence to hand. It also demonstrates that what few formal procedures there are in betting disputes are overwhelmingly weighted in favour of the bookies.

Punters have often been told that, while gambling debts on either side of the counter are not recoverable in law, they can at least oppose the renewal of a bookmaker's betting permit if they feel they have been wronged. In practice, though, it is clearly unwise, if O'Callaghan's experience is anything to go by.

He went to court in Bristol to oppose the renewal of a Coral permit which covers a group of shops. He wanted to force various Coral witnesses to give evidence, and also to produce the vital security camera film which, according to the bookies, shows that his bet could not have been written out and processed when he claims it was.

The magistrate, though, refused to summon the witnesses, even though O'Callaghan had shown that other courts had done so in similar cases. On the day of the hearing, O'Callaghan was medically unfit to attend and provided a doctor's certificate to that effect.

The court nevertheless went ahead with the permit hearing in his absence, found in Coral's favour and, to add insult to injury, awarded costs of £5,000 in the bookmaker's favour.

On the basis of this precedent, any punter would clearly be unwise to pursue a similar course of action as the result of a dispute with a bookmaker, and risk potentially ruinous costs. Following yesterday's decision by a judge at the Royal Courts of Justice, though, O'Callaghan should secure a hearing in the New Year, at which it may be determined precisely what a punter can and cannot expect in such cases. The all-important security film could also be produced.

"It could have been all over today if I hadn't won leave to seek a review," O'Callaghan said yesterday, "but now I'm right back in the game and I know I'm going to get an independent and fair hearing. Why should I accept their word that the bet is not on the film? This is the crux of the whole case. If they've got it, why won't they produce it? And it affects everyone, because any punter who has a similar problem and wants to see the film will be able to point to it, because half the time even the courts don't seem to know what they're doing."

In a statement for Coral yesterday, the firm's solicitor said that the bookmakers "remain of the view that the merits of the case were correctly decided at first instance."

The saga of O'Callaghan versus Coral may now come to a final conclusion in February or March of next year. On previous form, however, no-one would bet on it.



Terry O'Callaghan: Continuing his campaign

## SAILING

### Two more skippers quit Whitbread

Losing one skipper could be seen to be careless, but three is stretching it a bit. Yet, as Stuart Alexander found in Fremantle, that is the situation the Whitbread Round the World Race found itself in yesterday when two of the nine-boat fleet saw changes at the helm for the third leg.

Chris Dixon parted company with Toshiba at the end of the first leg in Cape Town and the second leg to Fremantle proved to be the swan-song of Chessie Racing's Mark Fischer and Brunel Sunery's Hans Bouscholt.

Fischer has gone to allow the owner and co-skipper, George Collins, to take his place for the 2,250-mile sprint to Sydney, which starts on 13 December.

Collins denied that the navigator, Juan Vila, was also being replaced.

The American Fischer, who brought Chessie into Fremantle in sixth place to take seventh overall, is thought to have been uncomfortable with aspects of the leg from South Africa.

After 35 days at sea on the first leg and 19 on the second, the Dutchman Bouscholt, who himself took over the reins from the original skipper, Arnd van Bergeijk, before the start, has found something better to do with his time than continually being last.

Indeed, Brunel's Dutch campaign is now looking more like a trial for a full challenge in the 2001 Whitbread. In addition to twice replacing the skipper, in Cape Town they also replaced their navigator with the Briton Stuart Quarrie.

There was also a change of personnel on Innovation Kveener, the race leader parting company with their Australian masterman Ian Walker. "There was a disagreement between him and skipper Knut Frostad, so they decided to go their separate ways," a spokesman said.

Also preparing for 2001 is the German sailing veteran Willi Illbruck, a long-time captain in the Admiral's Cup with a series of boats called Pinta. He has decided he does not like the new format for the 1999 Admiral's Cup and will instead race the Kenwood Cup in Hawaii. In the meantime he has chartered Heineken, the original Yamaha 1, from Swedish Match to be painted in German colours for the Düsseldorf Boat Show next month.

## BASKETBALL

### Scantlebury focuses on class barrier

Peter Scantlebury makes his 118th appearance for England against Ukraine at Guildford Spectrum tonight, boasting still further his record haul of caps.

The 5ft 11in, 33-year-old elder statesman of the squad took some persuading from the coach, Laszlo Nemeth, to embark on another two-year European Championships semi-final round.

Only a select band of Englishmen - the 1981 team under their coach, Vic Ambler - have reached a European final. The proliferation of new states after the break-up of the traditionally strong nations of the former Soviet Union and Yugoslavia has made qualification even harder.

In addition to Ukraine, Belarus are also in England's group along with Denmark, Sweden 72-64 by England last week, Spain, who beat England 92-76 on Saturday, and Israel.

Only the top two are sure of a finals place, with Spain and Israel favourites. England pushed Spain hard, but relied too much on the brilliance of Steve Buckley, one of six team members now playing on the Continent.

Scantlebury said: "Against opposition with the class of Spain we can push them to a certain level but can't go to the next level. They always can. We don't have the depth to push them all the way and we really suffered on Saturday when Steve tried."

— Richard Taylor

## BBC lose Lingfield to Channel 4

The BBC's retreat from racing continued yesterday with news that the corporation have lost coverage of next year's Lingfield Derby Trial meeting to Channel 4, who now have a monopoly of the key prep races for the Derby.

The track had been associated with the BBC for more than 10 years. Now Channel 4 will televise four meetings from the Surrey course during 1998,

including all-weather racing on 3 January and a new 'Winter Derby' meeting on 21 March.

Roger Easterby, Lingfield Marketing Director, said: "Originally the BBC covered four meetings here. Over the years this has whittled down to two and next year they wanted to cover just the Derby Trial, which meant us losing coverage of the late May meeting."

"We have decided to go

with Channel 4 Racing as not only will we get at least three meetings covered in 1998, but we have the opportunity of building a relationship that may well lead to further coverage."

● Clare Balding is to front BBC TV's racing coverage from next year after she was confirmed as the successor to Julian Wilson yesterday.

● Coral yesterday opened a book on the King George VI

Chase at Kempton on Boxing Day. The firm make the reigning champion One Man a 7-4 favourite.

● Left-hand course, undulating and sharp. Not suitable for the long-striding horses. Run in 2000.

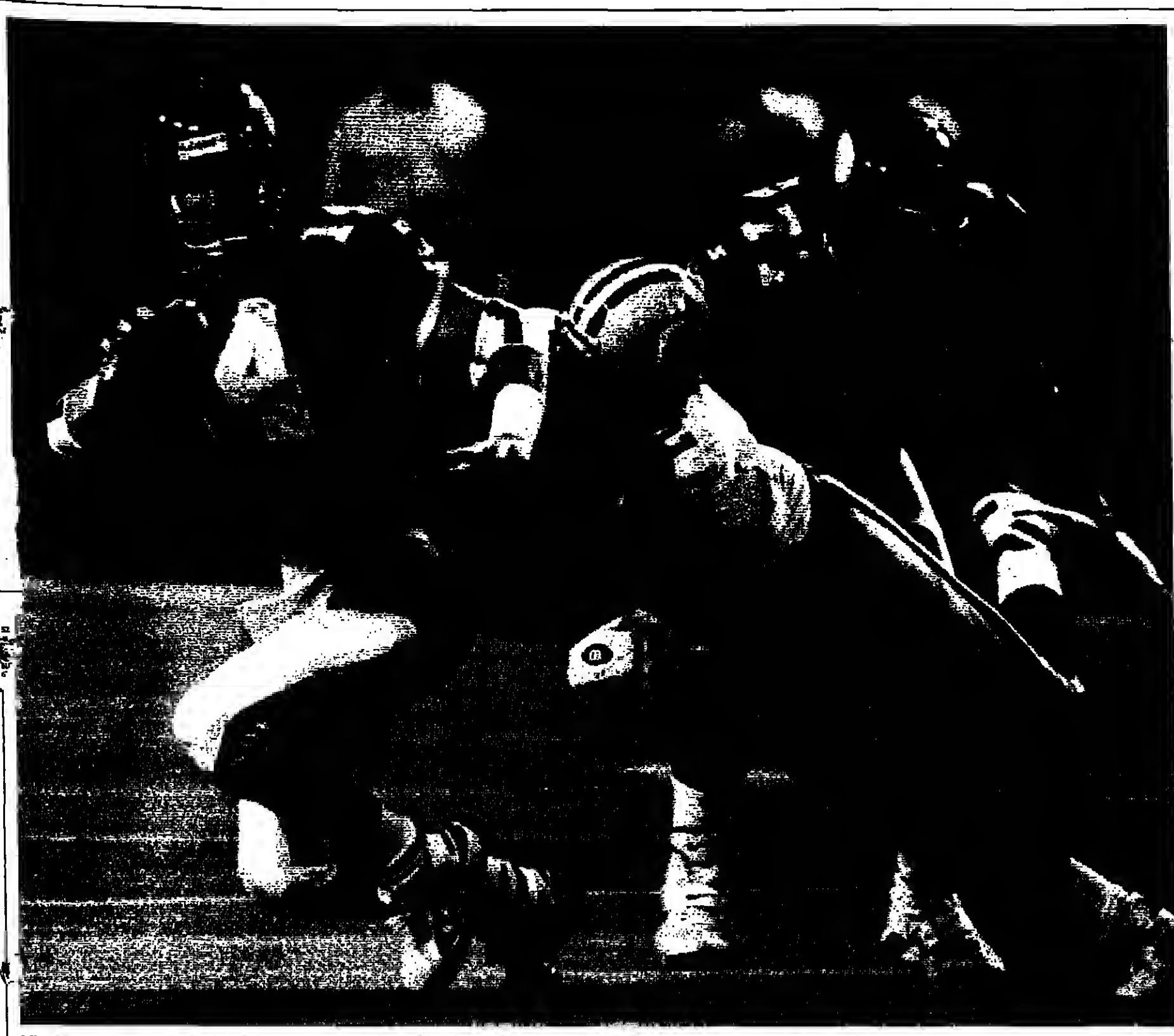
● Racecourse is north west of town on A630. Dunsington station 10 miles away - has services to course. ADVERTISEMENT Club 21. Refreshments. Course 12500. Lunch 15p. Free tea and coffee. CAR PARK: Reserved area £2, remainder Free.

● LEADING TRAINERS: Mrs M. W. W. 10-11 (10-11). M. Hammett 10-12 (10-12). L. J. L. 10-13 (10-13). T. E. 10-14 (10-14). J. M. 10-15 (10-15). J. M. 10-16 (10-16). J. M. 10-17 (10-17). J. M. 10-18 (10-18). J. M. 10-19 (10-19). J. M. 10-20 (10-20). J. M. 10-21 (10-21). J. M. 10-22 (10-22). J. M. 10-23 (10-23). J. M. 10-24 (10-24). J. M. 10-25 (10-25). J. M. 10-26 (10-26). J. M. 10-27 (10-27). J. M. 10-28 (10-28). J. M. 10-29 (10-29). J. M. 10-30 (10-30). J. M. 10-31 (10-31). J. M. 10-32 (10-32). J. M. 10-33 (10-33). J. M. 10-34 (10-34). J. M. 10-35 (10-35). J. M. 10-36 (10-36). J. M. 10-37 (10-37). J. M. 10-38 (10-38). J. M. 10-39 (10-39). J. M. 10-40 (10-40). J. M. 10-41 (10-41). J. M. 10-42 (10-42). J. M. 10-43 (10-43). J. M. 10-44 (10-44). J. M. 10-45 (10-45). J. M. 10-46 (10-46). J. M. 10-47 (10-47). J. M. 10-48 (10-48). J. M. 10-49 (10-49). J. M. 10-50 (10-50). J. M. 10-51 (10-51). J. M. 10-52 (10-52). J. M. 10-53 (10-53). J. M. 10-54 (10-54). J. M. 10-55 (10-55). J. 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Minnesota Vikings' quarterback Brad Johnson is sacked by Reggie White during Green Bay's 27-11 win in Monday night's American football game

Photograph: AP

## NOOKER

## Hendry goes on the attack over McKenzie's dismissal

Stephen Hendry, the 28-year-old, who has been criticised for his criticism of the governing body over the dismissal of his chief executive, Jim McKenzie, has said he is not angry.

Hendry, the six-times world champion, has been criticised for his criticism of the governing body over the dismissal of his chief executive, Jim McKenzie, has said he is not angry.

He was the verbal attack from Hendry that will take many by surprise. He usually leaves the verbal to Doyle.

"We removed one board who were not in tune with the modern business demands and now we seem to be in a similar

position," Hendry said. "I know Jim McKenzie well and he has taken the game into a modern phase. As a players' association we respect Jim McKenzie a lot and as far as I know we are 100 per cent behind him."

"It's the players who vote the board in and the players must have a say in what's happening. It's our sport, our livelihood and it's about time we all began to take a proper interest. I hope the others feel the same way as me."

McKenzie, who was sacked on Monday five months after taking office, claimed he had been given "no opportunity to respond to any criticism the Board may have of my performance".

Doyle called the decision "disgraceful" and will seek to replace Williams, Close and Meadowcroft at a special meeting likely to take place later this month.

## RUGBY LEAGUE

## Bigger issues behind expulsion vote

The turbulent relationship between Super League clubs and the rest could reach its turning point - at Salford today.

The fate of Keighley and Workington, the catalyst that could start a chain reaction within the game when the Rugby League Council votes this afternoon on a recommendation to expel them both.

That recommendation comes from the League's board of directors. Opposition will be marshalled by the First and Second Division Clubs' Association - but the issues go a lot deeper than the future of two clubs.

No one, least of all Fassa, would claim that Workington and Keighley have been well-run operations. Both have been in administration, with heavy debts, for over a year and Fassa is party to a League policy of getting tough with basket cases.

There was a Fassa representative at the board meeting that recommended expulsion, but the Association speaks for many outside the two towns affected when it argues against giving them the chop.

If clubs are to be cast out for the sin of being broke, where is it to stop? By coincidence, a report from the accountants, KPMG, this week reveals that, on the latest available figures, only two Super League clubs are making a profit and several are technically insolvent.

Fassa clubs also fear the motives of their bigger brethren. The Super League chairman, Chris Caisley, has this week denied urging the expulsions in order to divert the two clubs' Sky money to Super League.

That is true as far as it goes, but Caisley has put down a marker suggesting, if they do go out of business, "we would hope

that those funds would become available to promote... Super League". At the very least, we have the unhealthy situation where some clubs have a vested interest in others folding.

Keighley have the additional conviction that the League, and its chief executive, Maurice Lindsay, in particular, have a "down" on them.

Whatever the truth of that, it has been conveniently forgotten that, whatever their faults, few clubs have brought as many new fans into the game. The Keighley supporters who will no doubt turn out in force at The Willows today will be a reminder of that.

The smaller clubs are also concerned about mathematics. Axing two of their number brings closer the day when Super League clubs would have enough votes to cut off their funding completely, should they so wish. Soothing voices might say that

would never happen, but the minnows hear the hawks within Super League and wonder.

Not that Fassa will fight every hopeless case. Prescott, terminally useless for years, will quietly die today, without a voice raised in protest.

Likewise, there is a general acceptance in the lower divisions that the principle of automatic promotion to Super League is doomed.

But when it comes to killing off the best-supported club outside Super League, plus the biggest club in one of only three counties where rugby league is truly a part of the landscape, alarm bells start to ring.

It will take four clubs from outside Super League to vote for expulsions to give the board its way. If not, the little men will have defied them - and are braced for the backlash.

- Dave Hadfield

## CRICKET

## West Indies in deep trouble

West Indies 303 & 99-6  
Pakistan 471

Pakistan scored their highest total in a home Test against the West Indies in Rawalpindi yesterday and then grabbed six quick wickets to stand on the verge of an emphatic series win.

After Inzamam-ul-Haq hit 177 Wasim Akram took three wickets as the visitors struggled to 99 for 6 in their second innings at the close of the fourth day of the second Test. They need another 69 runs to avoid a second successive innings defeat.

Pakistan, 1-0 up in the three-match series, went on to 471 in their first innings, with Inzamam-ul-Haq finishing on 177 and helping his country post their previous best against West Indies: 406 for 8 in Karachi in 1974-75. Victory would mean Pakistan's second series win over West Indies in 10 attempts and their first for 39 years.

Inzamam was the first to go yesterday, after Pakistan resumed on 403 for 3. He lasted 36 minutes, before offering a catch to Sherwin Campbell at point off Courtney Walsh, having hit 19 fours and two sixes from 320 balls in 454 minutes.

Walsh then dismissed Mohammad Wasim for his 15th five-wicket haul in 95 Tests.

Wasim then burst through

the West Indies' top order with three wickets for 17, bringing his tally to 326 in 76 Tests and taking eighth place in the all-time list from England's Bob Willis, who took 325 in 90 Tests.

After Philo Wallace fell low to Waqar Younis for eight, Azhar Mahmood held a superb catch in the gully off Wasim to dismiss Stuart Williams for one.

Brian Lara was deceived by Wasim's slower ball and the Pakistan captain held the return catch. Shivnarine Chanderpaul was Wasim's final victim of the day, leg before for one after tea.

Fourth day: Pakistan won toss

WEST INDIES - First innings 303 (9 overs)

1 S. Campbell b Mustafizur 45

2 S. Williams b Wasim 45

3 S. Williams b Wasim 45

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## We are ready to face anybody insists Hoddle

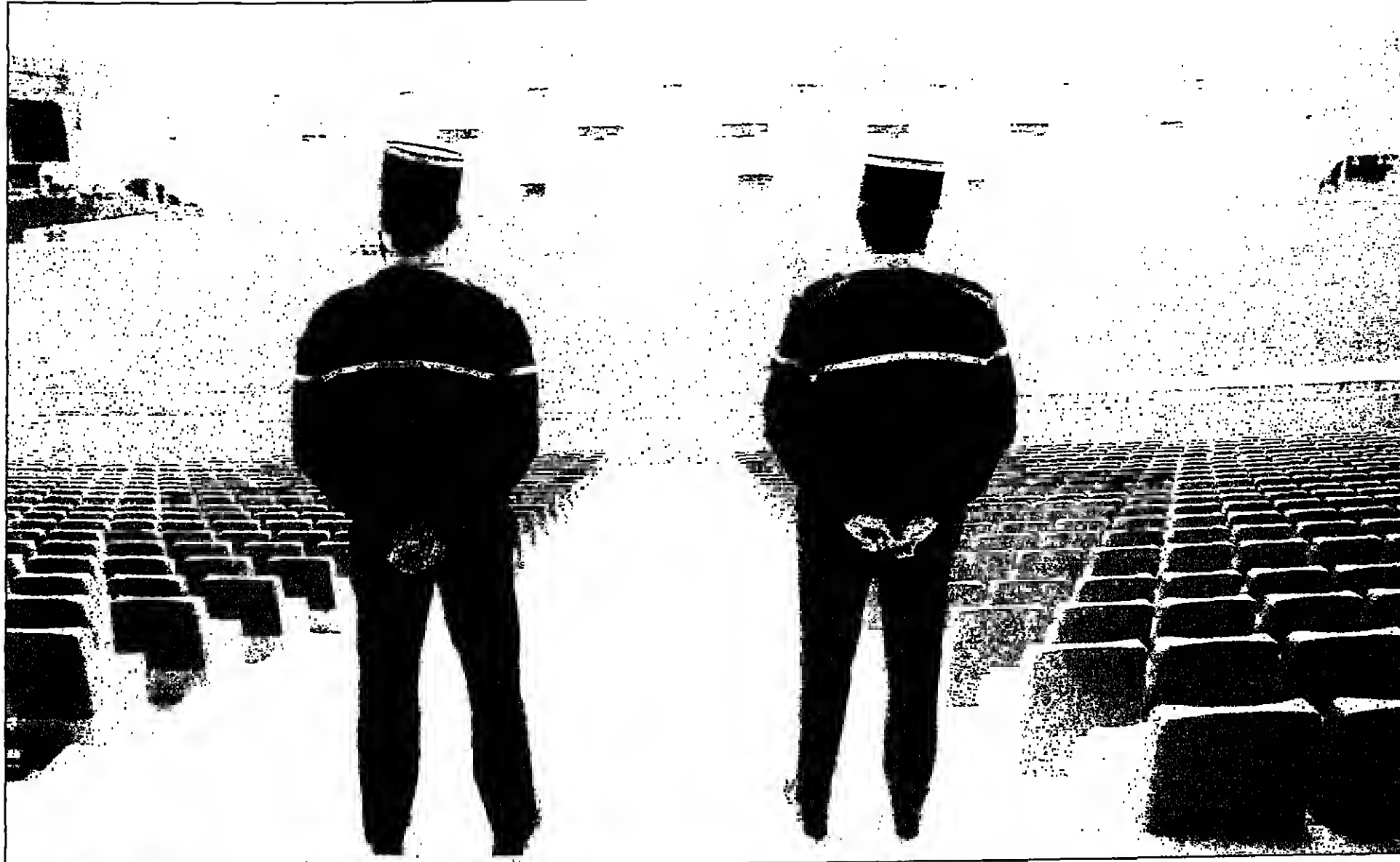
England and Scotland's World Cup hopes will rest on the vagaries of tomorrow night's draw in the Stade Velodrome. Both were yesterday placed in the same 'pot' but could yet be paired together. Glenn Moore, in Marseilles, considers their possible fates.

If the Gods are smiling on England at the Stade Velodrome tomorrow night they will be paired with Brazil, Jamaica and Iran. If they are looking the other way, they could be thrown in with Brazil, Nigeria and Croatia.

The same applies to Scotland, who were placed in the same banding as England when Fifa finally revealed how the World Cup draw will be decided. However, due to the complexities of the system England and Scotland could be drawn together - and if they were it would be with either Brazil or Argentina as the group seeds.

As revealed in later editions of yesterday's *Independent* an inner cabal of Fifa's executive committee decided, in the Hotel Sofitel here late on Monday night, that England would not be among the seeds. Using a complex formula taking into account the last three World Cups and three years of Fifa rankings, they selected Germany, Italy, Spain, Argentina, Romania and the Netherlands to join the hosts, France, and the holders, Brazil, as the seeds.

This proposal was accepted by the full executive committee yesterday. The remaining 24 teams have been divided geographically so as to ensure each group will have, as far as possible, two European sides, one South American or Asian, and one African or North/Central American. The consequence of this will be a draw of considerable drama and length - there will be more than 50 individual acts of pulling balls out of pots. It will inevitably throw up a "group of death" and also offers the possibility of Croatia being paired with Yugoslavia, Iran



Guard of gendarmes: French police watch over the Marseilles stadium before tomorrow's draw for the 1998 World Cup

Jean-Paul Pelissier/Reuters

with the United States, and England with Italy.

England's failure to be seeded was not a surprise to the FA, but it was to the wider world. Glenn Hoddle was hushed about his team's prospects. "Not being seeded was not a surprise to me," he said. "The lesson is to make sure we never fail to qualify again. Whatever we get we'll handle. We had a tough qualifying group and we won it. We'll take what comes."

"I won't lose any sleep if we are pitched in with Brazil. If we

beat them or lose to them there are still two more matches and then we won't play them until we reach the final. It would be an advantage if we have Brazil in our group. What we don't want is Brazil, Nigeria, Croatia. We don't want a group of death. We had a bit of that in the qualifiers."

"I know the coaches of the seeded countries will turn up and say 'I hope we avoid England'."

"I'm getting a taste for it now. I'm very excited and I'm ready for it. When I'm out of a

job I'll look back on this time fondly. Personally I wish we were starting now - then I think of a fellow called Alan Shearer and I don't mind waiting."

Craig Brown, the Scotland coach, was less keen on facing Brazil, who beat Scotland in 1974, 1982 and 1990. "I would like to avoid them and Romania," he said, "but I would take Germany, Italy or any other seed. England would be all right, although there may be logistic problems with both sets of

fans moving at the same time. We're not frightened of them, nor is it a case of seeking revenge for Euro '96. All the teams know Scotland can give them a hard game. All their coaches know we're capable of kicking out a result."

Both teams received good news yesterday when Fifa decided not to suspend players who had received a second yellow card in their final qualifying game: only dismissed players will be penalised. This releases Sol Campbell for

England and John Collins for Scotland.

The implications of failing to qualify also became more apparent to nations like the Republic of Ireland and Australia when it was revealed that each country will receive nearly £2m for qualifying. Each appearance after the quarter-finals will reap another £1m as well as the obvious spin-offs.

The French had wanted to allocate all the seeds in order to concentrate the Dutch and Germans in the north and Italians and

Spanish in the south, but Fifa refused. They are trying to ensure the draw appears fair and, despite doubts, it looks as if it may be. Even the old cold balls-warm balls trick is unlikely to work in the near-zero temperatures. Besides, as Sweden's Lennart Johansson, chairman of the executive committee, said: "If we pre-arranged too much there wouldn't be much of a draw left."

Fifa have decided in future to avoid the undignified lobbying for seeding which has characterised the build-up to this draw by determining the procedure for the 2002 World Cup before the qualifiers start. "The only thing which needs adjusting is how a team who got through the backdoor of the play-offs is seeded," said Hoddle. "But," he added, "to look at it from Italy's point of view, if we had not been seeded after being runners-up and semi-finalists at the last two World Cups we would have been peeved."

Shearer threat, page 30

## Punishment still haunts England for riot in Rome

The Football Association's assertion that Italians caused the crowd trouble at England's World Cup qualifier in Rome looks like being vindicated by Fifa. Yet England may still be punished, says Glenn Moore in Marseilles.

Fifa's investigation into October's riot in Rome is being passed from committee to committee like a bottle being lobbed

over a fence hut, when it finally comes to land in the public domain, it is likely to conclude that the Football Association got it right. But football's world governing body may fine the FA anyway.

The FA's own report into the violence on 11 October blamed Italian ticket arrangements and policing for the running battles between England fans and Italian police in the Stadio Olimpico. The World Cup Organising Committee, which yesterday referred its investigation back to the disciplinary committee, "acknowledged that there were

lessons to be learnt with regard to better control of tickets to fans through unauthorised channels". It added: "While Fifa did not have authority over the police forces the methods used by the police should be better adapted to the specific requirements of football."

With the police out of Fifa's reach, it is the Italian FA which will suffer for the poor organisation. Yet the FA's report ignored the effect of two days' intimidatory behaviour before the match by a substantial minority of the England supporters in Rome. It also appeared

to ignore the small minority who relished the terrace fight with the carabinieri.

Fifa is not being so kind. While it is likely to agree that the FA did all in its power with regard to ticket arrangements, Fifa indicated yesterday that England will still be penalised in an effort to deter similar behaviour by travelling supporters.

Sanctions are expected to be financial although more draconian punishments are available. These include forcing either or both national sides to play their next World Cup qualifier behind closed doors or out

of the country. Or, in England's case, banning travelling support. A final decision is not expected until the new year.

The decision is inevitably linked to the continuing campaign to encourage the French to allow a fence-free World Cup. Of the 10 venues only Nantes and St Etienne have to be persuaded to take perimeter fences down. Vertical segregation fences will remain, however.

"Fences can become death traps, as we saw as recently as October 1996 in Guatemala," Sepp Blatter, the general secretary of Fifa, said. "In England

and Scotland they have taken fences away and shown that spectators who sit down without fences are not aggressive. If you put people behind bars they are aggressive; bars are for prisoners and animals, not for humans."

Blatter agreed that some supporters still needed to be "educated - you don't see people throwing bottles at the theatre" and he said security would take into account the nature of matches. This does not, noted one official, just mean England games: "There are other countries to worry about."

### MOTOR RACING

## Tobacco giant creates new F1 team with purchase of Tyrrell

British American Racing, the long-planned Formula One team put together by Craig Pollock, the manager of the new world champion Jacques Villeneuve, yesterday announced its intention to compete in the 1999 world championship.

The title conveniently incorporates the politically acceptable two-thirds of the name of the team's backers, British American Tobacco, who have 12.8 per cent of the global cigarette market. The company has bought out the struggling Tyrrell team, and the new organisation will include the expertise of Reynard, the hugely successful IndyCar constructor, to build their cars.

Ken Tyrrell made his reputation in racing in tandem with a Scottish driver called Jackie Stewart in the late Sixties and early Seventies. Now Stewart, too, is a team boss, but is under pressure from the authorities following his warnings over the sport's continued association with tobacco companies.

In what appears as a tit-for-tat move, motor sport's gov-

erning body, the FIA, have demanded assurances from the Stewart team that they have the financial resources to fulfil a full second season in F1. Stewart recently lost one of their sponsors and the opportunity to embarrass them was apparently irresistible.

Stewart said: "It would seem the FIA do not know their own regulations because it is stated quite clearly that only teams finishing outside the points the previous year, in this case 1997, could be asked for their financial declarations for entry the following year. We finished with points and in the top 10."

"Can anyone imagine I would have gone ahead with this unless I was sure we could complete the programme? I have no doubt this was meant as a rap across the knuckles."

For the foreseeable future, F1 will be able to draw on tobacco resources and BAT have involved themselves in a major project. The travel benefits accrued by Tyrrell will pass on to the new team. Reynard will design the

cars at a new factory in Brackley, Northamptonshire, and Villeneuve is expected to leave Williams at the end of next season to lead them on the track.

Pollock said: "There are many things different about British American Racing. We will be different for several reasons, among them our openness and the strong desire to be close to our audience. Our team will not be the private preserve or the top of a rich owner - our fans will have a claim."

Tyrrell, who won the championship with Stewart in 1969, 71 and 73, has decided to bow out gracefully rather than attempt to chase a lost cause.

"This has probably been the most difficult decision I've ever had to take. The cost to compete in F1 has escalated dramatically and we are not satisfied with being relegated to the back of the grid. We have come to the conclusion it will be preferable to pass the Tyrrell legacy on to a new team which shares our ideals and philosophy."

Derick Allsop

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### HOW THE DRAW WILL WORK

The draw will split the 32 teams into eight groups (A-H) of four. Group winners and runners-up will go on to the second round. The draw is designed to ensure there are not two South American teams or three European teams in the same group. For the purposes of the draw, the teams have been split into four pots:

Seeds: Brazil, France, Germany, Italy, Spain, Argentina, Romania, Netherlands.

Pot A (Africa and Oceania): Cameroon, Jamaica, Mexico, Morocco, Nigeria, Tunisia, South Africa, United States.

Pot B (Europe): Austria, Belgium, Bulgaria, Croatia, Denmark, England, Scotland, Norway, Yugoslavia.

Pot C (South America and Asia): Chile, Colombia, Iran, Japan, Paraguay, Saudi Arabia, South Korea.

Brazil will be named as team A1 (the seeds in Group A) and France C1.

The other six seeded teams will be drawn in order B1, D1, E1, F1, G1, H1. A draw will determine which pot is drawn next. Whenever Pot A is drawn, the eight teams will be placed in order A-H as they emerge.

If Pot B is drawn before Pot C the first eight drawn will be placed A-H as they emerge. The remaining European team will be placed with either Argentina or Brazil (another draw determines which of the two).

When Pot C is drawn it will be ensured that the three South American teams are not drawn with the remaining South American seed (Argentina or Brazil).

If Pot C is drawn before Pot B, one European team will be drawn first and placed with either Argentina or Brazil (another draw).

Pot C will then be drawn, making sure the three South American teams are not drawn with the remaining South American seed (Argentina or Brazil).

This scenario means the remaining eight teams in Pot B will then be placed A-H as they emerge.

Separate draws will be held for the 16 teams in Pot B, 16 teams in Pot C, 16 teams in Pot D, 16 teams in Pot E, 16 teams in Pot F, 16 teams in Pot G, 16 teams in Pot H.

Each team will be drawn into a group of four. The draw will be held in the Stade Velodrome in Marseilles.

The draw will be held on Tuesday, December 2, 1997, at 18.00 hours.

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